Government of India

Financial Statement & Budget

1910-11 and 1912-13

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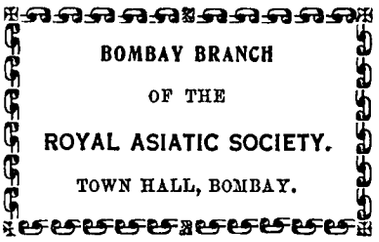

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EAST INDIA (FINANCIAL STATEMENT AND BUDGET).

RETURN to an Address of the Honourable The House of Commons, dated 9 June 1910;—*for*,

"RETURN of the INDIAN FINANCIAL STATEMENT AND BUDGET for 1910–11, and of the Discussions thereon in the Legislative Council of the Governor-General."

India Office,
13 June 1910.

RICHMOND RITCHIE,
Under Secretary of State for India.

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(*Mr. Montagu.*)

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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FINANCIAL STATEMENT AND BUDGET

FOR

1910—1911

AND

DISCUSSIONS THEREON IN THE LEGISLATIVE COUNCIL OF THE GOVERNOR-GENERAL.

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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FINANCIAL STATEMENT AND BUDGET FOR 1910-1911.

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Speech of the Honourable Finance Member

INTRODUCING THE

FINANCIAL STATEMENT FOR 1910-1911.

Introductory.

On this occasion, when the first Financial Statement under the new rules is presented to our greatly enlarged Council, I may be permitted to indulge in a brief retrospect. In February, 1860, just fifty years ago, my predecessor and namesake, the Right Honourable James Wilson, in an elaborate speech, laid the earliest of India's annual financial statements before the Legislative Council of those days. His speech, as I have said, was elaborate ; it covered the whole ground of the financial and economic position of India. But the accounts which it introduced were set forth in a single short table, printed on a sheet no bigger than the proverbial sheet of note paper. To this were appended a few statistics of debt, trade and cash balances ; the whole thing barely occupied ten octavo pages. There was of course no discussion. The revenues for the coming year were estimated at £38 millions and the expenditure at £42 millions. The total external trade, imports and exports combined, was valued at only £60 millions (it is now over £200 millions) and the total debt of India was £98 millions (it is now over £250 millions). We have gone a long way in these fifty years, and our conditions are widely different from what they were in 1860 ; but there is a curious parallelism between parts of Mr. Wilson's speech and some of the things which I shall have to say to-day. He had to deal with a deficit ; he had to convey a grave warning (which was long unheeded) of the precarious nature of our opium revenue ; and he had—as alas! is my fate also—to suggest additional taxation.

2. It is not, however, the matter, but rather the form and the treatment, of our financial statements that I set out to review. The full expository speeches and the brief figured tables were continued by Mr. Wilson's successors for thirteen years : though about 1866 we find the abstract of revenue and expenditure developed and classified into major heads—a far shorter list than we now have, but numbered and arranged much in the present style. In 1873 and for the three following years, there were no Budget meetings ; the old law of 1861 did not permit the Council to meet for other than legislative business, and the finances of those years involved no legislation. The statement in those circumstances took the shape of a formal minute published in the *Gazette*. In 1877, however, with a great famine overshadowing the finances, a Budget meeting had again to be convoked, and the statement was presented by Sir John Strachey in a speech of portentous length. It occupied 40 pages of printed foolscap, and was supplemented by another 34 pages of a minute in which the Finance Member examined the figures in fresh detail. In 1881, Major Baring (now Lord Cromer) restored comparative brevity ; but in 1882 he reverted to a speech which occupies 52 printed pages, explaining that there was no other means of describing the figures with accuracy, and that his attempt at condensation in the previous year had been misunderstood. After that, came a series of annual minutes, with a wealth of detail, but a decided tendency to technicality. During this period the form in which our figured statements are now shown was worked out under Lord Cromer's orders ; and in 1890, Sir David Barbour split up the explanatory speech or minute into two parts. His intention evidently was that the first part should be mainly a discussion of policy and the second an examination of results. It was some time before this ideal was reached, and Part I in the course of years got more and more overloaded with figures, technical and difficult. But in 1900, Sir Clinton Dawkins got back to the original idea. Part II, prepared by the Financial Secretary, became a detailed exposition of the figures, adapted to the student or the specialist ; while Part I was the vehicle used by the Finance Member for a broader review of the position and for his declarations of financial policy.

3. Of the nature of the discussions on the past Financial Statements I need say little, as they were described in a picturesque passage of the speech with which Sir Edward Baker summed up the Budget debate of two years ago. Prior to 1892 no discussion at all was permissible. In the following year the rules under the Indian Councils Act, 1892, had come into force, and members were at liberty to offer any observations they might wish on the Statement, but not to put any motion or divide the Council. The observations allowed by the rules became in time lengthy and

comprehensive: non-official members ranged over the whole field of Indian administration, and official members were drawn into the defence of the acts and policy of their departments. There was no other recognised occasion during the legislative session, either for the former to criticize or for the latter to expound.

4. So much for the old order which is now passing. Let me turn to the new. What I submit to the Council to-day is the result of direct evolution from the system that has been worked out during the last fifty years. The Financial Statement which the new rules prescribe will be found in the set of tabulated figures displaying, in their logical and time-honoured classification, the closed accounts of last year, our latest estimates of revenue and expenditure for the current year, and our preliminary forecast for the ensuing year. The explanatory memorandum which the rules require is the old Part II of previous years. It is prepared, however, in greater detail than before, yet with less repetition; and an attempt is made in it to explain succinctly the movements of the figures under each important head of account, as well as to give a conspectus of our Ways and Means operations. But, in order to summarise the lessons of the figures and to review the general position, I propose to retain, in the remarks which I shall now offer to the Council, our old Part I in a slightly different and less technical garb.

5. As regards the discussion, a still greater change will mark the new procedure. To-day the rules do not permit discussion. It would in any case be manifestly unreasonable to expect members to speak, almost on the spur of the moment, upon the large and complicated questions which emerge from the Financial Statement. But on a later date, which I believe Your Lordship intends to fix for next Friday, the Council will proceed to what roughly corresponds with the Committee stage of the estimates in the House of Commons. We shall take up first the consideration of our proposals for fresh taxation, for a new loan, and for additional grants to Local Governments. Then, after a short interval, the Council will again assemble in what I may term Committee of the whole House; and each 'major head' in the accounts which is open to discussion will be explained in turn by an official member who has special knowledge of the branch of the administration concerned. At both of these stages it will be open to any member, by way of resolution after due notice given, and subject to a few reservations, to call attention to any matter which is directly relevant to the figures under consideration, to criticise the necessity for any entry, or to ask for further information regarding it. All such resolutions, if in order, may be duly debated. In this way ample opportunity will be afforded for a genuine scrutiny of the estimates by the Council, and for a criticism which is based on precise facts. We believe that the result will be helpful to the Government, and will foster the growth of an informed public opinion upon the vital problems of our public finance. Having, during a public service which covers a period not far removed from half a century, attended nearly every financial debate in the Mother of Parliaments, I hope that I shall not be considered presumptuous if I venture, in passing, to impress upon Members of Council that it is rather by the painstaking examination of specific items of expenditure than by the framing of abstract resolutions on organic changes in financial policy that economy can best be attained. Also that advantageous services can be more readily provided for by means of savings effected, than by appeals for additional funds which the finances of India cannot produce without casting additional burdens upon her people.

6. Towards the end of March—the 23rd being the date fixed for this year—I shall present the Budget in its final form, after embodying in it all corrections that may result from the detailed discussions and any other changes which the passage of time may necessitate. On that occasion there will be no further debate. At an adjourned meeting, however—fixed for the 29th March—members will be at liberty to make observations on the Budget, without moving resolutions or asking the Council to divide. In addition to the new and more intimate discussion on the detailed figures, we thus retain the old liberty of general criticism. But I trust that the closing debate will be materially shortened after the comprehensive examination to which the estimates will have been subjected at their earlier stages. I may also venture on a hope that questions of wide general policy will not, so far as possible, be tacked on to these proceedings. Other opportunities are now given for raising debates on matters of general interest; and it will be more convenient to us all, and more economical of time, if these opportunities are taken, instead of loading the Budget with disquisitions on side issues. There are, it is true, very few aspects of our administration which are not reflected in our Budget: but after all the Budget is primarily a provision for the public services of the coming year. It is a business document, and it will be to our credit as a Council if we handle it in a business-like manner.

Revised Estimate of 1909-1910.

7. When I introduced the Budget for the current year, I entered a plea for caution and economy. On almost every side there were auguries of better harvests and reviving trade. But recovery was likely to be slower than it had been in times of the country's convalescence from previous famines, because the trade conditions of the world remained dull and unsettled. A year ago, prices were still high; the country was still feeling the effects of over-speculation and a glut of imports; and the loss of our opium revenue was a standing menace. That caution has been justified; but we have also been justified in our resolution to face the difficulties of the year without extra taxation, and we now believe that the year will close with a surplus remarkably close to, and slightly in excess of, the small margin of revenue for which we budgeted.

8. From the agricultural point of view, the year has been a good one, and the country may be said to have shaken off the effects of the drought of 1907. At the beginning of last April, it is true, there were still over 100,000 persons in receipt of State relief, but distress during the hot weather was nowhere very severe. It was confined for the most part to limited areas in Bihar and the United Provinces, and by July all relief operations were closed. Except in Bengal and parts of the United Provinces, which suffered from a shortage in the winter rains, the outturn of the spring harvest was not unsatisfactory. Later, the improvement became more definitely marked; for the monsoon broke early and the rainfall was unusually abundant and well distributed in nearly every part of the country. Famine and scarcity were at last at an end. The autumn and winter harvests were everywhere good, and in many places excellent. Bumper rice crops have been reaped in Bengal and Eastern Bengal, while the autumn harvest in the Punjab is estimated to be 21 per cent in excess of the average for the previous five years. The only complaints we have heard — and they are not serious—come from some of the Madras districts which are suffering from the failure of the north-east monsoon in October. In them however the excellent rainfall of the previous months replenished the various sources of irrigation, and no serious anxiety is felt, though the yield of the cold weather crops cannot be a full one. In all other parts of the country the accounts of the spring crops are very satisfactory, though more rain would be useful in some places. If no untoward event occurs in the next month, an excellent harvest should usher in the ensuing year.

9. It was natural therefore and proper that, when the end of the regular monsoon showed the agricultural position to be assured, a general air of hopefulness should pervade the country. I am afraid however that it did not penetrate the Finance Department, where the state of the public exchequer was felt to be by no means free of anxiety. On making our usual preliminary revision of the estimates in November, we found falling prices, easy money, and a tangible rise in the purchasing power of the people. Trade however was still slack; and the recovery seemed likely to be slow, irregular and hesitating. The land revenue, including large amounts of famine arrears had been coming in well; but in nearly every other important respect our receipts were below expectations. The most disappointing section was our Railway earnings, which reflected the slowness of the general improvement, being almost a crore short of what we had counted on realizing by the end of October. Backward Customs returns, particularly from piece-goods and silver, indicated how seriously the import markets had been glutted; and a marked shortage in the Post Office receipts bore testimony to the dullness of general business. Our revenue from Forests, from Salt, from Excise, was also behindhand; while on the other side of the account, our budgeted expenditure seemed likely to be fully required. We were therefore compelled in ordinary prudence to explain the situation to our big spending Departments and to Local Governments, and to call upon them to exercise all possible economy in view of our diminished resources. The appeal was loyally responded to, and the savings in expenditure which were thus secured have played a considerable part in the improvement of the financial position that has taken place since November.

10. To that change there have been other contributory factors:—the good harvest of cotton and oilseeds, with their effect both on railway traffic and on the spending power of the peasantry; the increasing activity of the import market; and the big rice movements which are beginning in Burma, with the accompanying rise in export duties. But the most dramatic feature in the situation has been the sudden and unexpected development of our Opium revenue. I must diverge for a moment to explain this movement and the events which led up to it.

11. As I mentioned last March, we intended to sell 42,300 chests of Bengal opium during the current financial year; and in view of the fluctuating mood of the China market, we based our estimate of receipts on the cautious average of ₹1,350 a chest.

In Malwa we had apparently reached a curious *impasse*. The Bombay godowns were full, and duty had been paid in advance upon a very large quantity of opium which still lay in Malwa and which the recently imposed restrictions would not allow to be shipped until 1910. In the circumstances, though it was impossible to foresee how the trade might move, we assumed that further payments of duty against the 1911 shipments might be expected, and we budgeted cautiously for the receipt of duty upon something between 8,000 and 9,000 chests. Up to October, our moderation seemed justified. The China market was dull, with a slightly rising tendency. The prices fetched by our Bengal opium varied between R1,150 and R1,450; and the clearances from Malwa were not more than would ordinarily be required for home consumption. In October however a sharp rise in the China prices took place. I need not discuss the complicated factors in the remarkable speculative movement which was thus established, and over which, so far as the China market is concerned, we had of course absolutely no control. The first result of the movement was another rush to pay duty in advance. The trade had got wind of our proposal—to which I shall allude hereafter—to give Malwa a larger share of the 1910 exports; and although we had guaranteed no priority of shipment after 1910, the exporters were prepared to take their chance and, so to speak, to register their claims. During the first half of November, duty was paid on 17,000 chests, when the Indore authorities very properly stopped the rush and refused to receive any more payments. We were at the time in correspondence with the Secretary of State regarding the distribution, as between Bombay and Calcutta, of our reduced exports; and as soon as that matter was settled, we decided how to deal with our unexpected windfall of revenue. The decision was to retain the duty paid in respect of chests which under our revised programme could be shipped in 1911; to grant priority of shipment to those chests in the order in which duty had been received; and to refund all payments that had been made in respect of chests which could not be either used for home consumption or exported to China in 1911, thus leaving us a free hand regarding the 1912 exports. This closed the episode for the time being, so far as concerns the Malwa revenue. But the excitement in the China market had an immediate and startling effect upon our Calcutta prices also. From R1,439 a chest in October, the selling price suddenly bounded up to R1,800 in November; and even this price, unprecedented for nearly half a century, was outstripped in January, when the average ran up to R2,044, only to be again and still more strikingly exceeded by the figure of R2,397 which was obtained at the sale in the current month.

12. The net result of this great appreciation in the value of Indian opium in China is that our revenues in the current year, after deducting the refunds to which I referred above, will gain about £1,000,000 beyond what we budgeted for. So far as possible, the windfall has been utilized on the sound principle of meeting non-recurring liabilities which would otherwise have hampered our finances in future years. We have in this way been enabled to restore the depleted balances of Bengal, Eastern Bengal and Assam and the Central Provinces; to complete our promised grant to the Rangoon river training scheme; and in various other directions to fulfil obligations which will lighten the burden on the general revenues hereafter.

Such being the main features in this eventful and difficult year, I proceed to show how far our original estimates of revenue and expenditure have been supported or modified by the results as we can now forecast them with the actual figures of ten months in our possession. I shall do so in round figures and on general lines, neglecting minor variations.

Revenue.

13. The total revenue which we expected, when our Budget for the year was framed, was £73,750,900. The revenue we now hope to realize is £74,303,700, being an improvement of £552,800. The Provincial section will be better by £798,700, the bulk of which comes from the improvement in land revenue and from the additional grants that we are making to three Local Governments. The Imperial section, on the other hand, shows a deterioration of £245,900: and it is to the explanation of this figure that I invite the Council's attention.

14. Land Revenue is the first head under which our estimate has been materially varied. The fine harvests have enabled the current revenue to be collected promptly, as well as an unexpectedly large slice of the arrears which lay over since the late famine. The total increase over our Budget figure will be £393,000. The Imperial portion of this would be roughly one-half: but instead of sharing in the increase, the Imperial Government is actually credited with an amount of Land Revenue which is worse than our original estimate by £494,000. The apparent anomaly has already been explained; for it is by transferring the necessary amounts from our own share of the receipts under this head to the Local Governments concerned that we give effect to the

grants made to the two Bengals and the Central Provinces in aid of their diminished balances Apart from this, all the other gains and losses to the Imperial revenues are true gains and losses, and not mere transfers to Provincial exchequers. The largest of the gains is the £1,106,000 (gross) by which we benefit from Opium : and the heaviest of the losses is £644,000 by which our total net Railway earnings are expected to fall short of our Budget Estimate. Of the latter, about £73,000 is due to small excesses in the working expenses on certain railways where the charges for repairs, renewals and coal had been under-estimated. The balance represents a shortage in the traffic returns, due to the slow recovery in business, the tardy movement of crops, and the depression in the coal trade. Lines serving the Gangetic plain and its adjoining country are most prominent among the losers : the Great Indian Peninsula Railway, with its big cotton connection, and the lines which traverse Southern India have done very much better ; but the losses outweigh the gains.

15. I would now ask the Council for a moment to balance these three divergencies from our original figures. On the one hand we have the windfall of £1,106,000 from Opium. This is a departure from our estimates which is due to the vagaries of a market influenced by wholly abnormal causes and entirely outside our control. Upon the other hand, we have, first, the reduction of £494,000 in the Imperial receipts from Land Revenue. As I have explained, this is more than accounted for by the grants made out of our opium receipts to Local Governments and to local bodies in order to fulfil obligations that we should otherwise have had to defer. Secondly, we have the drop of £644,000 in our net Railway receipts. You see how closely these three variations balance ; and now, if you exclude them, you will find that the aggregate discrepancy between the Budget estimate and that which I now present, taking all our other sources of Imperial revenue, is the comparatively small shortage of £213,000. In this total there are no individual fluctuations of any importance ; and I venture to say that the result is not an unsatisfactory proof of the care with which our original estimates were framed, and that it reflects very great credit on the officers of the Finance Department.

16. The most prominent of the minor differences appear under Customs, Excise and Interest. The Customs revenue will probably fall about £157,000 below our Budget figure. The imports of petroleum, metals and manufactured articles generally have been dull, and the lateness of this year's rice exports has helped to pull down our estimate, in spite of the higher yield from silver and from Java sugar. Excise will yield us about £246,000 less than we had budgeted, and half of this loss will fall on Imperial revenues. The steady progress of reform (including the curtailment of outstill areas) and the continuous rise in our excise duties have gone far to check the rapid expansion of the revenue from intoxicants which took place during the recent cycle of prosperity ; and in some parts of India these influences appear to have been supplemented by very welcome movements in favour of temperance. The variation under Interest is in the opposite direction from those I have just mentioned. It shows an improvement of £159,000 over the Budget figure, due partly to increased receipts from interest on overdrafts of railway capital by companies in India, and partly to the successful employment by the Secretary of State of his spare balances in short loans to the London money-market.

Expenditure.

17. I turn now to the expenditure of the year which is coming to its close. We had budgeted to spend £73,720,500 : our latest figures indicate that we shall need only £73,350,700, and that the Imperial share of the saving will be £284,500. To this very satisfactory result the chief contributor has been the Army. The total reduction on our budgeted provision for Military Services will be about £391,000, effected partly in generous response to our call for economy last November, and partly by shorter purchases of ordnance and other stores in England. I shall return to this subject in more detail a little later. The other chief economies occur under the salaries and contingencies of the various Civil Departments, where we expect a saving of £122,000, and under the charges on account of Civil Works, which will be £113,000 less than we provided in the Budget. We have thus been able, not without some real sacrifices, to secure a genuine curtailment of expenditure amounting, under these few prominent heads, to no less than £626,000 ; and there are a number of minor reductions which I do not stop to specify. Against these, there are outstanding excesses over the Budget grants under three heads : but it is gratifying to observe that in two of these cases there has been only a nominal, and not a real, increase of expenditure. The first of these is Refunds, where we shall require an addition of £128,000 to our original figure ; this being almost wholly due to our decision, as I have already explained, to return the duty paid on Malwa opium which cannot be sent to China

before 1912. The second case of nominal over-spending appears under the Famine Relief and Insurance grant. By the peculiar constitution of that grant, any lapse in the budget allotments either for famine expenditure (whether Imperial or Provincial) or for protective works, in a year when the total grant does not exceed the prescribed million, is not added to our revenue surplus but goes automatically to swell that portion of the grant which is used for the reduction or avoidance of debt. In other words, it is cast into our general balances with a view to capital expenditure, and must thus be debited against revenue. The result in the current year is that the Imperial share of the Famine grant will be raised by £91,000, being the amount by which the grants taken by Local Governments for the cost of direct famine relief have happily proved to be unnecessary. The third chief excess over budget provision appears in our Interest charges, which we expect to be £126,000 higher than the original estimate. This is partly due to a smaller share in the total having been charged to the Railway and Irrigation accounts; partly to a change in the average rate, which is re-calculated on the latest data every year; and partly to the higher discount which the Secretary of State had to pay on his India bills in England.

18. I may now briefly summarize the finances of the year, so far as the Imperial section of the accounts is concerned. We budgeted for a surplus of £230,900: we now hope to realize a surplus of £269,500. Our revenue has declined by £245,900 but our charges have been reduced by £284,500, the balance of £38,600 representing the improvement in our surplus. Considering the difficulties of the year, I regard this result as distinctly satisfactory. It is possible that some further changes may be necessary before we finally dispose of these estimates at the end of March, for the Council will fully realize that the present statement is—technically at least—a preliminary draft: but I do not anticipate any substantial alterations.

Budget Estimate for 1910-1911.

19. It is with some reluctance that I leave the narrative of a chequered but not unsuccessful year, to take up a less agreeable task. The new financial year which will begin five weeks hence, gives promise of opening under favourable auspices, with good harvests, active markets, expanding trade. The heavy remittances of capital from abroad, both in gold and in Council drafts, testify to the prosperity which is expected in the private finances of the country. Do we anticipate an equal buoyancy in its public finances? In many respects I do. We believe that, if the monsoon rains are adequate, the land revenue will be punctually collected, that our customs receipts will rise, our railways do well, and most of our other heads of revenue show an improvement. But unfortunately I cannot expect a surplus, without the help of additional taxation, which accordingly it will be my unenviable duty to propose. For this state of affairs there are two plain and adequate reasons. In the first place, the reduction of our exports of opium to China will cause a serious fall in our opium revenue. In the second place, we are obliged to abandon to Eastern Bengal and Assam a much larger share of its land revenue than it has hitherto retained; for the present resources of the Local Government have proved quite insufficient for the needs of the new province. These two factors dominate the position for 1910-11. Apart from them we should have been able to meet the normal growth of our expenditure from our growing revenues. Though I view with grave anxiety the steady growth of our expenditure, yet I realise that, without a general re-casting of our scale of public charges, we cannot extend indefinitely those retrenchments of a temporary and emergent character which have been forced upon us in the last two years. I should have been prepared therefore to budget for a moderate addition to the current year's charges and to look to the natural improvement of our resources to cover that addition without asking for any extra taxation. But the loss under Opium and the needs of Eastern Bengal have made equilibrium impossible, and a permanent strengthening of our resources is inevitable. The best way in which I can explain the situation will be to take the Council through the allotments which we wish to make for expenditure in 1910-11; to examine how far our revenue, in normal conditions and with the existing scale of taxation, would have been sufficient for our charges; to show where, and by how much, it will fall short; and finally to describe the special measures which we consider necessary to equate our resources with our requirements.

"*Expenditure.*

20. The total expenditure which we have to provide for in 1910-11 is £75,652,500. This is £2,301,800 in excess of our total estimated expenditure in the current

year; but £1,101,000 of the difference is due to increased charges which will be met from Provincial resources, so that the Imperial increase which I have to justify is roughly £1,200,000. The Council may take it that out of this sum, £500,000 is required by the commercial departments of Government; and £700,000 by those ordinary administrative services from which we receive no direct monetary return. A further analysis indicates that it will be sufficient to consider the excess as falling under five groups of heads:—Interest, Posts and Telegraphs, Salaries and Expenses of Civil departments, ordinary Civil Works, and Military services. The five groups of services which I have just named are going to cost us almost exactly £1,200,000 more than they have done in 1909-10; the minor variations may safely be neglected.

21. The Interest charges, which form the first of my five groups, are shown under various heads, but in the aggregate they come to nearly £408,000 more than in the current year. The interest on ordinary debt, as I will explain immediately, will hardly be raised at all in India, but there will be an increase of about £270,000 in England. On the small loan which we propose to take in India, our total discount charges (apart from all question of the rate) should be easier than they were this year; and we ought not to have interest to pay on advances to our treasury from the silver branch of the Gold Standard Reserve, as was the case for a few months in 1909-1910: so that on the whole our next rupee loan should not cause a net addition to our interest liabilities in the coming year. But in England the case is different. A full year's interest has to be paid on the Sterling loan of 7½ millions which the Secretary of State raised last month, and increased payments have to be made to the sinking funds which are now established for meeting the discount on our English loans. I still have to explain £138,000 of the total increased expenditure under Interest. By far the greater part of this is a consequence of the fresh capital which certain of the Companies working State lines will raise and deposit at the India Office until they require it. About half of the balance represents debits against us in India in certain complicated transactions with the Bengal-Nagpur Railway Company, which I need not describe in detail; the remainder stands for our increasing interest liabilities on savings bank deposits, on the new general provident fund, and the like. Practically the whole of the increased charges which I have been describing under this head are a compulsory and inevitable result of the extension of our Capital expenditure on productive works.

22. The second category of increased expenditure is our Post Office and Telegraph charges, where we expect a growth of about £81,000. In the case of the Post Office the growth is small (£24,000) and of normal character: and it is more than covered by increased receipts. The third and fourth categories comprise the additional provision in next year's estimates for ordinary Public Works (roads, buildings, etc.) and for the salaries and expenses of what are known as the Civil Departments. The great bulk of this outlay is met by Local Governments from their own provincial resources: but certain charges, both in England and in India, are exclusively Imperial, and show an increase of about £155,000. For that part of the decennial census operations which will take place next year, we have provided five lakhs, which is £32,000 more than in the current year. The other individual variations are of comparatively small importance, and the total excess allotted under Civil Departments is £97,000. On ordinary Public Works the increased expenditure will be £58,000; this much being considered necessary in order to allow of the progress of a number of works which had to be postponed in the current year. The fifth category is the Military charges, to which I shall return later and in more detail. The expenditure here is taken at £536,000 more than in the current year. Out of this excess £128,000 goes in the combined naval and military operations which have had to be undertaken to check gun-running in the Persian Gulf; and £408,000 are for the general purposes of military efficiency. As I have said, I shall take up this subject again: but I wish to emphasize that what we are providing for military expenditure next year is in reality (apart from the Persian Gulf expenditure) considerably less than we provided in the current year's budget. His Excellency the Commander-in-Chief, however, gave me his cordial co-operation—for which I take this opportunity of thanking him—in reducing expenditure at a time when the outlook was causing us serious anxiety: the result being, as I have said above, a very welcome reduction in the 1909-1910 allotments. To compare next year's grants with what has actually been spent in the current year is thus deceptive; the temporary curtailment of expenditure now in force could not be a permanent reduction.

Revenue.

23. I next proceed to consider our probable income, and its adequacy to meet our budget of expenditure. Our Imperial requirements for 1910-1911, as I have briefly

described them, demand a provision of £50,257,800. During the year which is now closing, we expect our Imperial revenue to be £49,326,500. To maintain bare equilibrium therefore, we must be able to count on improving the revenue by close on a million sterling: while we shall have to get considerably more if we are to budget for a reasonable surplus or working balance, such as every prudent Government must insist on. In order to see whether this is practicable, I will now ask the Council to go very briefly through the chief heads of revenue with me and ascertain what increases they will yield. In this examination, we had better leave Land Revenue and Opium to the end, as they will require somewhat careful examination.

24. From Railways, at the outset, it is apparent that we cannot expect much assistance The gross receipts of State lines show a remarkable improvement of nearly £1,130,000: but the increase in current expenses is almost equally great. The Railway Board, who are the responsible advisers of the Government in the matter, urge that the economies which we are now enforcing must, in the interest of our railway development, be at least temporarily relaxed, and that advantage should be taken of our increased earnings to push on the more essential renewals and repairs which on several lines have recently been deferred. I have been obliged to accept that view, and I have budgeted for a net improvement of only £38,000 from our railway revenues as a whole. Most of our other main heads however promise better. From Customs, on the existing tariff, we should expect an improvement of £183,000. There is a steady upward movement in imports, which ought to continue, and give us a moderate increase, particularly from liquors, petroleum, piece-goods, metals and manufactured articles generally; while in view of the big crops in Burma and Bengal, the rice export may reasonably be taken at a figure somewhat higher than was realised in the last good year, 1905-1906. A substantial increase in Excise seems equally certain even if there were no further enhancement in duties. There is invariably a rise after a year of good harvests; and illicit practices are being steadily worn down by the strengthening of the preventive forces in the different provinces. We estimate therefore that our share of the revenue from this source will be, on the present rates of duty, some £109,000 better than in the current year. The Posts and Telegraphs, under the stimulus of the revival in trade, should give an increase of £96,000. A group of other heads, which are all more or less sensitive to the general condition of the people,—Salt, Stamps, Income-tax and Mint—will yield, as we estimate, an improvement of about £165,000. Irrigation receipts will be diminished by the plentiful rainfall, and Interest is taken at a reduced figure as the Secretary of State's loanable balances may not be so high as in the current year. But against these we are able to set a number of minor increases under Forests and a variety of other heads which I need not enumerate. The chief of these is the military receipts, from which we hope for an improvement of £63,000, owing to the new arrangements for clothing, larger sales of dairy produce, and other causes.

25. The net result for all the heads with which I have thus briefly dealt is an anticipated increase of £638,000 in next year's receipts. I come now to our Land Revenue estimate, which is affected by the absence of famine arrears and works out to about 23 lakhs below what we count upon realizing in 1909-1910. The Imperial share of this decrease would, in natural course, be about £105,000; but *per contra* we should have to set the large improvement that has its origin in the peculiar circumstances of the current year. I refer to the subsidies which our recent Opium receipts have enabled us to make to certain provinces and local bodies, and which aggregate about £633,000. These grants being non-recurring, their absence from next year's accounts would have absorbed the decrease in arrear collections and raised the Imperial share of the Land Revenue by £528,000 net. Add this to the increase of £638,000 under the other improving heads of revenue, and it is apparent that we should have almost fully covered the increase of £1,200,000 in expenditure. At the risk then of some repetition, I trust I have made it abundantly clear that we have not allowed any increase of expenditure which could not have been met from the normal and moderate expansion of our ordinary revenues.

26. We thus return to the special causes which interfere with that expansion. The first is the necessity for a revision of the provincial settlement with Eastern Bengal and Assam. How the necessity arose, I will discuss later: for the present all I need mention is the result, *viz.*, that we have agreed, with the Secretary of State's approval, to increase the Local Government's share of the revenues which it collects by £255,000, involving an equivalent recurring loss to Imperial finances. The second and by far the greater of our difficulties is the loss in Opium revenue, which we estimate (net, after certain adjustments) at £872,000 as compared with the present year.

27. When the agreement into which His Majesty's Government entered with China on our behalf was announced, it was at once apparent how seriously the Indian revenues

were bound to be affected. The effects of the curtailment of our opium exports have hitherto been somewhat obscured by the events which I have already described both a year ago and to-day. But they are now coming into operation, and their operation is all the more vigorous because it has been deferred. In the calendar year 1910 we shall, as required by the agreement, export 5,100 chests less than in the calendar year 1909. Translating this arrangement into terms of the financial year, we can sell only 37,560 chests of Bengal opium in 1910-1911 against the 42,300 chests sanctioned in 1909-1910. In the current year we take the average selling price at R1,610 a chest: for next year, owing to the continued high prices in China, we believe that R1,750 a chest is a reasonably safe assumption. The result is that, on Bengal opium by itself, we hope to restrict our loss to £160,000. But for Malwa opium, a comparison of the actual exports of the two years affords no guide to the financial position. As I have explained before, the whole of the duty payable to us on the exports permissible up to the end of December 1911 has already passed into our treasury; and for this good and sufficient reason we do not budget for receiving any further dues on Malwa opium during the financial year 1910-1911. The consequence is that, as compared with the receipts during the current year, we must prepare for a loss of £718,000.

28. I have now explained our requirements. I have given an estimate of what our revenues would be under normal conditions. I have shown where the conditions are other than normal, and I have described the gap that actually intervenes between our requirements and our resources,—a gap which may roughly be measured by the shortage of £1,127,000 due to opium and the new settlement with Eastern Bengal and Assam. To fill that gap, the Government of India are compelled to impose extra taxation which is estimated to yield £1,133,000.

Fresh Taxation.

29. The taxation which we propose falls under three main heads. The bulk of what we require will be raised by increasing the existing Customs duties on liquors, on tobaccos, on silver and on petroleum. In this way we hope to obtain an additional revenue of £967,000. Certain consequential alterations in the excise duties upon beer and so called 'foreign' liquor made in India will bring in a further £33,000. The balance, or £133,000, we propose to take by enhancing the Stamp duties on certain instruments which I shall enumerate later. The Government of India have not come to this decision without the most anxious consideration. There was no avoiding the deficit: there was no temporary palliative for it. The profits from our railways will no doubt improve, and the elasticity of most of our other heads of revenue is happily assured. But we cannot in prudence treat the decline in our Opium receipts as other than permanent, and in the present uncertainty as to China's achievements, we must keep in view the possibility of its being continuous. Nor can we, apart altogether from the Opium question, shut our eyes to the heavy demands upon the Indian exchequer which lie ahead of us, in the cause of education, to name only one pressing requirement. It has become our clear duty to strengthen the basis of our revenues, and we have endeavoured to do so in the way which will be least burdensome to the country. A variety of other schemes for increased taxation, several of which will readily occur to the minds of my Honourable friends, were fully considered, but the balance of advantage seemed to rest with the combination which I have described, and this has the full approval of the Secretary of State.

30. So far as our Customs proposals are concerned, we have held fast by the general principle that our tariff is a revenue, and not a protective, tariff. But substantial duties on wine, beer, spirits and tobacco are in no way inconsistent with that principle, while they constitute one of the most legitimate forms of taxation in every civilized country. Our proposals regarding liquors are intended to simplify the existing rates, and to raise them by from 30 to 50 per cent. Upon tobacco the present taxation—5 per cent. *ad valorem* on manufactured, and nothing at all on unmanufactured tobacco—is ludicrously inadequate. In 1907-1908 over 6 million pounds of tobacco were imported into India, and all that it paid to Government was £25,000; in England it would have paid forty times as much. What we now propose is a set of rates which, in the case of cigarettes, is represented by R2 a lb. They may diminish import for a time, but incidentally they may check the rapid growth of the cigarette habit, which is not without its danger to the rising generation in India. On petroleum we simply propose to raise the present rate from 1 anna to 1½ annas per gallon. On silver we intend to take a fixed duty of 4 annas an ounce instead of the 5 per cent. *ad valorem* which it now pays. The enormous import of those two commodities marks them out as fitting objects for an increased contribution

to the exchequer, and we prefer to take the extra taxation which we require by substantial duties upon a few articles of comparative luxury rather than by interfering with the all-round uniform rate upon a variety of less important articles, many of which may be described as necessaries.

I hope I shall not be charged with framing a swadeshi budget. In the sense which may be seen indicated on Bryant and May's match-boxes ('Support Home Industries') I think swadeshi is good; and if the outcome of the changes I have laid before Council result in some encouragement of Indian industries, I for one shall not regret it; but I would emphasise the fact that the enhanced customs duties are attributable solely to the imperative necessity of raising additional revenue. There is not the slightest inclination towards a protective customs tariff. Even in free-trade England we have always imposed considerable customs dues, not to protect industries but to raise revenue. That is all we are doing in India; and I cannot but think that in countries which depend mainly on agriculture, where the population is poor and there are no large and profitable manufactures, it will be long before you can dispense with customs receipts as a part of the revenue essential for the administration of the country.

31. The increase which we propose in Stamp duties will touch only a limited class of documents. We do not interfere with the charges on bonds, conveyances, leases, mortgages, cheques or receipts. But we intend to raise the duty on bills of exchange, on the issue and transfers of shares and debentures, and on agreements for the sale of those securities. Full details of the new rates are given in the Bills which will be presented to the Council to-day to give effect to the changes.

32. With the aid of these new taxes, we hope to secure an Imperial revenue of £50,503,700 in the ensuing year. I have already stated our expenditure requirements at £50,257,800: so that we budget for a surplus of £245,900. It is a very, very small margin for a year in which many surprises may await us, and any shortage in the monsoon would sweep it clean away. But our estimates throughout are studiously cautious; we were anxious to avoid the levy of a single superfluous rupee of extra taxation: and with reasonable good fortune I trust that a modest surplus will carry us through, as it has done in the current year. I invite the Council to contrast our situation with the present difficulties which beset the Chancellor of the Exchequer in England; or the £8,000,000 of extra taxation in France; or the loan of £4,600,000 with which Prussia hopes to cover its deficit next year; or the still heavier loans that have been forced upon Germany for the current needs of its administration in these two years.

Military Expenditure.

33. I deal now in more detail than was possible in the foregoing remarks with some of the bigger Departments. I begin with the Military services, the expenditure upon which under their various heads for five years is as follows :—

	Gross.					Net.
	Army.	Marine.	Military Works.	Special Defences.	Total.	All Military heads.
	£	£	£	£	£	£
1906-1907	19,657,845	662,368	1,127,515	138,358	21,586,086	20,169,343
1907-1908	18,647,533	485,024	1,166,943	116,287	20,415,787	19,248,354
1908-1909	19,177,266	476,957	967,362	29,044	20,650,629	19,602,988
1909-1910 (Budget)	19,350,900	473,800	855,600	27,900	20,708,200	19,653,000
1909-1910 (Revised)	18,948,000	479,100	853,800	36,700	20,317,600	19,233,100
1910-1911 (Budget)	19,488,500	484,300	879,600	1,500	20,853,900	19,706,500

I mentioned last year that it had been decided to abolish the grant for special expenditure and to revert to the system which was in force prior to 1904-05. Provision is now made for this purpose to the extent warranted by the state of our finances. During the five years ending with 1903-04 a sum of about £6 millions in all was allotted. Then followed Lord Kitchener's reorganisation and re-distribution schemes. In prosecuting these schemes and carrying on the work already begun and meeting ordinary new requirements which presented themselves from time to time we spent about £7 millions between the years 1904-05 and 1908-09.

34. In March last entirely new conditions presented themselves. The general financial position was not satisfactory and, as regards military expenditure, we were faced

with the obligation to provide for nearly £¾ million for the increased payments to the War Office on account of the British Army in India and for the pay concessions to the Indian Army. The rates for food supplies too were still rising. To meet these new charges, all of them practically unavoidable, without throwing an additional burden upon general revenues we had to economise in many directions, and as our political relations had improved it was decided to proceed more deliberately with schemes of reorganisation. After restricting the provision to the lowest limit the Budget figure for 1909-10 was placed at about £85,000 less than that of the previous year.

35. Considering the extent to which this year's Budget had to be cut down and the extraordinary demands which I have alluded to above, our latest estimates of the probable actuals of the year disclose a very satisfactory state of affairs. The net military expenditure for 1909-10 is expected to be £370,000 less than that of 1908-09; the reduction being due in the main to a substantial decrease in food charges in India and in expenditure on stores in England. The position has enabled us to take in hand at once the improvement of the accommodation for the Indian Army, a measure of importance and urgency to which the Commander-in-Chief called our attention soon after his arrival. It has become obvious that, with the persistent rise in prices and wages, comfortable and durable buildings can no longer be constructed at the cost which was previously regarded as sufficient. In the lines which are now being built we are adopting a sound type of construction and are entrusting the operations to the Military Works Services instead of to regimental agency.

36. The other principal measures involving special expenditure which we have undertaken are referred to in the Memorandum explaining the Financial Statement. I will merely mention that we have established in the current year a Cavalry School of instruction; the organisation of the new artillery ammunition columns has been practically completed; progress has been made with the provision of accommodation for additional troops at Quetta, Jubbulpore, Ahmednagar and Nowshera; and there has been an advance in the output of quick-firing guns and short rifles from the Gun and Rifle Factories. We have also improved the arrangements for financial control by extending to all British troops and the Supply and Transport Corps the new system under which accounting and audit duties are undertaken in separate offices and by moving out two more Audit Offices to Divisional Head Quarters. Finally we have had to provide for the expenditure on the arms traffic operations in the Persian Gulf. Of the total sum which we have allotted for this purpose, *viz.*, £218,000, a sum of £45,000 will fall into the accounts of the present year.

37. For the coming year, apart from the special provision for the arms traffic operations in the Persian Gulf, we propose to allot £120,000 less than the amount provided in the current year's Budget. We have been able to provide for a somewhat larger expenditure on special measures than in this year and to restore some of the temporary reductions made in March last. Among the more important measures with which we propose to proceed in 1910-11 are the improvement of accommodation for the Indian Army, and the building operations referred to above; the organisation of military companies for maintaining communications in the field, a requirement which is now universally recognised as essential; the purchase of horses to commence the reconstitution of an artillery reserve; and the supply of intrenching tools to the field army and of a uniform pattern of rifle carrying equipment to the Indian Cavalry.

We anticipate a further increase in the output of guns and rifles from our factories, but it is necessary to supplement the local production of rifles by purchase from Home, and we have accordingly provided funds for this purpose. The Royal Garrison Artillery in India is being reorganised, and we expect a considerable saving from this measure. We are also remodelling the system of Ordnance Factory accounts on the advice of the Home experts.

For the expenditure in 1910-11 on the arms traffic operations we have provided £173,000. On the other hand we have been able to maintain a large part of the reduction in our store demands which has been effected during the current year; we anticipate a further substantial improvement in regard to the food charges, and we hope to obtain a considerable saving by using the R.I.M.S. *Dufferin* in the Home trooping service for two voyages and dispensing to that extent with the employment of hired transports

38. We have also been able to provide for a possible increase in the railway rates for military traffic, consequent on the desire of the Railway Companies to modify the tentative arrangements made two years ago for the adoption of a vehicle mileage rate for military traffic, which, though administratively advantageous, is thought to involve an undue loss to the railways.

Railways.

39. It has become customary to bring together in this part of the Financial Statement the figures of capital expenditure on railways during the last five years and the similar estimate for 1910-1911. I accordingly present the table as usual; it includes all capital outlay, whether incurred by the State or through the agency of guaranteed or assisted companies.

	1905-1906.	1906-1907.	1907-1908.	1908-1909.	1909-1910 (Revised).	1910-1911 (Budget).
	£	£	£	£	£	£
Open lines including rolling stock . .	5,121,300	5,948,067	7,328,000	8,532,741	7,665,400	7,875,800
Lines under construction—						
(a) Started in previous years .	3,663,073	3,526,766	3,006,800	1,366,200	1,170,200	2,424,200
(b) Started in current year . . .	215,057	176,667	...	146,130	400,100	566,700
	8,999,430	9,650,800	10,334,800	10,045,071	9,235,700	10,866,700

40. On the 31st March 1909, the total length of open lines was 30,808·71 miles, classified according to gauge as follows :—

5′ 6″ gauge	16,001·95
Metre	13,083·49
Special gauges (2′ 6″ and 2′)	1,723·27
TOTAL .	30,808·71

During the current year we have added to these approximately the following mileage :—

5′ 6″ gauge	456·90
Metre	317·43
Special gauges (2′ 6″ and 2′)	77·63
TOTAL .	851·96

During the ensuing year it is intended to increase this length by 520·55 miles.

41. In the current year the return on the capital at charge amounts to 4·48 per cent., as compared with 3·69 in 1908-1909, 4·75 per cent. in 1907-1908 and 5·38 per cent. in 1906-1907. The rate of interest which we have taken for the year on the debt chargeable to railways is 3·384 per cent.

The position has greatly improved since last year, although the traffic returns have not come up to expectations. The improvement is largely due to the acceptance by the railway administrations of the reasonable and indeed inevitable limitations imposed by budget provision. The grants for working expenses, etc., are unlikely to be exceeded by more than the comparatively unimportant sum of £85,000; and this excess may be taken as due to unprecedented floods on the North-Western Railway and the cyclone which worked serious havoc on the Eastern Bengal State Railway. If we take the railway revenue account as a whole, and set the interest charges, the annuities and sinking fund payments, and the minor debits (cost of land, etc.), against the net earnings, we find a surplus of £828,500 which accrues to general revenues. Last year there was a net loss to the State, for the first time since 1898-99.

42. Our anticipated results for the ensuing year have already been alluded to. The gross earnings are expected to respond to the trade revival; but the larger grants which we have been advised to provide for improvements in the permanent-way, rolling stock, and general equipment, as well as the increasing charges on railway debt, will depress the net surplus. It is estimated at only £486,200. We should have been glad of a greater measure of assistance from our railways in a year of considerable difficulty; but we accept the situation in the confident hope that our sacrifices now will result in a substantial and permanent increase of our net railway profits in the future.

Irrigation.

43. The financial position of our great Irrigation undertakings may be gathered at a glance from the following table, which carries on and brings up to date the information that it has been customary to give in previous Financial Statements.

	1906-1907.	1907-1908.*	1908-1909	1909-1910, Revised.	1910-1911, Budget.
Productive Works.	£	£	£	£	£
Capital outlay to end of year	25,745,780	26,978,016	28,002,898	29,081,500	30,225,800
Direct receipts	2,307,959	2,160,389	2,213,644	2,251,400	2,190,300
Land Revenue due to Irrigation	999,989	1,035,088	1,084,773	1,120,700	1,122,300
TOTAL	3,307,948	3,195,477	3,298,417	3,372,100	3,312,300
Working Expenses	926,310	981,804	1,011,140	1,061,600	1,062,700
Interest	870,962	905,887	930,708	965,900	1,002,400
TOTAL	1,797,272	1,887,691	1,941,848	2,027,500	2,065,100
NET PROFIT	1,510,676	1,307,786	1,356,569	1,344,600	1,247,200
Protective Works.					
Outlay on construction to end of year	2,019,081	2,382,055	2,736,094	3,176,600	3,612,200
Direct receipts	34,272	47,625	33,980	53,000	64,300
Land Revenue due to Irrigation	6,992	5,445	6,271	7,400	7,500
TOTAL	41,264	53,070	40,251	60,400	71,800
Working Expenses	18,322	22,205	25,449	27,100	30,300
Interest	64,269	75,025	86,619	100,000	114,900
TOTAL	82,591	97,230	112,068	127,100	145,200
NET LOSS	41,327	44,160	71,817	66,700	73,400
Minor Works and Navigation.					
Direct receipts	183,705	232,045	219,334	231,400	220,200
Expenditure	856,898	838,728	879,339	906,900	915,100
NET LOSS	673,193	606,683	660,005	675,500	694,900

* The figures for 1907-1908 include the capital outlay to the end of 1906-1907 on the following Minor Works transferred to the productive class from 1st April 1907 :—

		R	£
United Provinces	Dun Canals	10,40,873	69,400
	Bijnor ,,	2,48,476	16,570
North-West Frontier Province.	Kabul River Canal	9,77,683	65,180
Madras	Shatiatope anicut system	4,07,014	27,130
	Tirrukkoyilur anicut system	3,33,259	22,220
	Cheyeru anicut system	3,98,916	26,600
	Poiney anicut system	2,30,767	15,390
	Lower Coleroon anicut system	14,89,605	99,310
TOTAL		51,26,593	341,800

44. At the end of 1908-1909, 55,140 miles of main and branch canals and distributaries had been constructed, commanding 47 million acres of culturable land; the area actually irrigated in the year was 22,187,430 acres. The productive works during that year yielded a net return of 8·17 per cent. on the capital outlay of £28 millions, after paying all charges exclusive of interest. The net profit to the State was £1,356,000.

45. The revised estimate for 1909-1910 shows a net profit of £1,345,000 on productive works and a net return on capital outlay of 7·94 per cent. At the end of the current year we expect to have 55,601 miles of main and branch canals and distributaries constructed to command 47,396,402 acres of culturable land; and we hope actually to have irrigated about 21½ million acres during the year. In addition to the canals in operation, there are altogether 44 projects which are either under construction or awaiting sanction or being examined by the professional advisers of the Government; of these 14 are productive and 25 protective. They are designed to irrigate 3·24 million acres and 3·61 million acres, respectively, at a total capital cost of nearly £11⅓ millions and £19⅓ millions, respectively. The former are expected to yield a net return of 7·40 per cent. on the outlay.

46. The most important works which received sanction during the year are the Tendula project in the Central Provinces and the Hathras Branch of the Upper Ganges canal in the United Provinces. A reference to the former project was made in paragraph 62 of the last year's Financial Statement. It is one of the most promising schemes of the class of protective irrigation works, as it will protect a large tract of country which has suffered severely from drought in recent years. The estimated return on its capital outlay is 3·9 per cent., and work will be started as soon as we are in

a position to allot funds from our current revenues. The Hathras Branch canal is designed to serve portions of the Aligarh, Etah and Agra districts of the United Provinces where it will irrigate an area of 109,500 acres annually. It is a work of the productive category, the return on the capital outlay being estimated at 14·31 per cent. Satisfactory progress continues to be made in the construction of the three canals comprised in the Triple canal project in the Punjab, but it is feared that the original estimate of cost will be largely exceeded. It has been decided to adopt a level crossing instead of a syphon to carry the water from the Upper Chenab across the Ravi river for the supply of the Lower Bari Doab canal.

The important Sind project for the construction of a barrage at Sukkur, and for the system of five canals to take out above it, has been under preparation; the design for the barrage is now under the consideration of the Government of India. The Sarda-Ganges-Jumna Feeder scheme has also been under investigation during the year. Mention was made of these projects in paragraphs 63 and 64 of my last Financial Statement.

Opium.

47. I fear the Council must be weary of my references to Opium: but I must revert to the subject again for a few minutes. It is a question of grave importance to our revenues and to various interests both in British India and in Malwa, especially to many humble people for whom the poppy cultivation is their daily bread. As far as our arrangements with China are concerned, our position is the same as when I described it last year, though we shall probably continue our progressive reduction of exports into 1911 while we await unequivocal evidence as to the success or otherwise of China's efforts to put down cultivation and consumption. But in one important respect, we have made a change in our domestic arrangements. We have decided to alter the distribution of our exports, so as to allow the Malwa States a larger share in them during the next three years. The intention is in this way to allow the large stocks of Malwa Opium to be cleared, and the capital locked up in them to be released, and to afford the Durbars and cultivators more time to adapt themselves to the inevitable decline in poppy cultivation. We are enabled to make this change by the greater readiness of the Bengal growers to take to other crops. It may be convenient that I should take the opportunity of announcing the figures of export that will be permitted in the next three calendar years, on the assumption that the curtailment of our exports to China will continue. They are as follows:—

Year.	Number of chests.		
	Bengal.	Malwa.	Total.
1911	31,440	15,160	46,600
1912	26,520	14,980	41,500
1913	21,540	14,860	36,400

Meanwhile, the policy of reducing and concentrating cultivation in Bengal is being steadily pursued; and, subject to the Secretary of State's approval, an important step will be taken in that direction next year by the amalgamation of the two Agencies.

48. In my last Financial Statement, I made little more than a passing allusion to the International Opium Commission which met at Shanghai in February 1909. Its proceedings had not then reached us, and the bearing of its recommendations on India was uncertain. Since then, however, we have had an opportunity of examining the Commission's conclusions, and the Council will naturally expect some indication of the attitude of the Government of India towards the policy which the Commission advised. I cannot enter into any detail because we are still consulting the Local Governments concerned, and corresponding with the Secretary of State on a number of the questions involved. But the Commission was a thoroughly representative body; its conclusions were unanimous; and there is nothing in its findings to deter us from expressing our acceptance of the general principles which it laid down. We accept them all the more readily that the interests of India were amply and skilfully pressed on the

Commission by our representative, Mr. J. B. Brunyate. Aided by his knowledge of the subject, the Commission was enabled to appreciate the importance and complexity of the opium problem in this country.

49. Out of the nine Resolutions in which the Commission formulated its advice, only four have a direct bearing on India. Resolution No. 2 recommends measures for the gradual suppression of opium-smoking. I need not remind the Council how near we are in India to the legal prohibition of this particular form of the opium habit. Absolute prohibition is virtually our ideal, and we are prepared to take every reasonable step towards enforcing it, as our action in the past has clearly shown. In Burma we have had to deal with special difficulties, and our experience warns us to tread warily: but even in that province absolute prohibition for foreigners, as well as for Burmans, will be taken into serious consideration. The difficulties will be great but they may not prove insuperable, and we are ready to give the whole question our best attention. The Commission's third Resolution suggests that we should re-examine our regulations for the use of opium in the light of the experience gained by other countries. This we are prepared to do. We retain full liberty to protect the legitimate household and medicinal use of opium; but increasing stringency against its use as a luxury or an intoxicant, higher rates of duty and more vigorous preventive action command our entire approval. Resolution No. 4 advises the adoption of reasonable measures for prohibiting the export of opium and its preparations to any country which forbids their entry. The exact mechanism for giving effect to this advice will require examination: but the principle involved is equitable and we fully accept it. The fifth Resolution—the last with which we are immediately concerned—urges on each Government the control in its own territories of the manufacture, sale and distribution of morphine or any similar opium derivative. We gladly welcome the recommendation. The morphia habit and the cocaine habit are becoming serious dangers in India; the enforcing of prohibition through the control of imports and of consumption is a matter of extreme difficulty: and it is only by the proper regulation of the supply of these drugs at its source that we can hope to hold them in check. It will thus be seen, I trust, that the Government of India are in full accord with the views expressed by the Commission and will take any practicable means of making them effective.

Provincial Finance.

50. I must now say a word about the finance of the provinces—a subject which has recently caused no small embarrassment to the Government of India. For all the provinces taken together, we have the following results:—

	Actuals, 1908-1909.	Revised, 1909-1910.	Budget, 1910-1911.
	£	£	£
Revenue	24,171,904	24,977,200	24,760,900
Expenditure	24,839,247	24,293,700	25,394,700
Surplus	...	683,500	...
Deficit	667,343	...	633,800

The surplus in the current year is in reality fortuitous, being due partly to abnormally heavy collections of Land Revenue and partly to the special subsidies with which the Imperial Government helped three of the provinces in the peculiar circumstances which I have already described. The revenue collections exceeded those of the previous year by about £700,000 (Provincial share), the greater part of which may be regarded as famine arrears. The grants-in-aid of Provincial balances which we have paid through the current year's accounts come to a total of £496,000. On the other hand, the deficit for next year includes a special draft of £133,000 upon their balances by the Madras Government. Making these allowances, we are driven to the conclusion that the provinces in the aggregate are steadily over-spending their income by about half a million a year. The position is thus one which compels most serious reflection. It differs considerably in different provinces. Madras, for example, keeps well within its means and has a large credit balance for special or non-recurring expenditure. The United

Provinces, with its new settlement and a respite from famine, will no doubt be able to avoid deficits in normal conditions, and to build up a strong balance against emergencies. Eastern Bengal and Assam enters next year upon its new settlement, which I shall shortly describe, and ought in future to be able to confine its expenditure within the limits of its resources. The Central Provinces finances have been severely tried by the recent famine, which was administered with a care for the interests of the general taxpayer which the Government of India cordially appreciate. The ordinary services of the province have suffered accordingly: and until the leeway is made up, there may be some excess of expenditure over the normal revenue, though we hope it will be neither large nor prolonged.

51. In the other four large provinces, I am afraid that the situation is less assuring. Bombay, it is true, has substantial balances, but they are being somewhat rapidly diminished, and care will have to be exercised to prevent the scale of recurring expenditure from settling into permanent excess over the normal revenues. From Burma and the Punjab we have recently had special appeals for assistance. To accept these appeals would have been virtually to admit that the provincial settlements of these provinces are inadequate; and we cannot make any such admission. Burma has undoubtedly suffered from a set-back, which I hope may be merely temporary, in its Forest receipts; but we do not consider that in either province there is a case for revising and amplifying the standing arrangements. It will be the duty—disagreeable and unpopular, but inevitable—of the Local Governments to overhaul their expenditure and to adapt it to their normal resources. That duty has already been undertaken in Bengal by our colleague, the present Lieutenant-Governor; and I am glad to have this opportunity of expressing my acknowledgment of the courage and thoroughness with which Sir Edward Baker has enforced economy in that province.

52. We have now framed a semi-permanent settlement with Eastern Bengal and Assam, the last province where the settlement was on a temporary and provisional basis. This closes our long list of re-settlements, and I can hold out no hope of any general revision of these arrangements. They were made, before I came to India, with scrupulous care, and were intended to foster provincial independence, economy and foresight. Nor do I see any near prospect of our being able to undertake a further share of the recurring expenditure of Local Governments. Our own necessities will not improbably force systematic retrenchment upon us, which will affect Imperial and Provincial services alike; and in the meantime Local Governments can best co-operate with us, and best mitigate future difficulties, by examining the causes of the insidious growth of expenditure, and by sharply checking them.

53. The special grants which we have given in the current year to the more impecunious provinces were meant partly to restore their normal scale of expenditure on civil works and partly to enable them to close 1910-1911 with the prescribed minimum balances.* For the next year the only additional grants which we intend to give are £255,000 to Eastern Bengal and Assam under its new settlement; £21,000 to Bengal for police reforms; and £21,000, distributed among five provinces, in aid of University and Collegiate education. The police grant is one of the last that is claimable for the reforms which were sanctioned on the advice of the Police Commission. The need for pressing on the reforms is most prominent in Bengal, and our general position puts it out of our power to accord similar treatment in 1910-1911 to the other provinces whose grants have not yet been paid in full. The University grants are a renewal and continuation of what we have been allotting since 1904.

54. As I have more than once referred to it, I shall describe very briefly the new settlement with Eastern Bengal and Assam. The existing settlement was made in 1906, and was to run for three years, in order to allow us to gain experience of the needs of the province. It was known that the Eastern Bengal districts required development, but the cost of the operation was largely guess-work. The temporary settlement, as we had believed probable, turned out inadequate; but at the end of its three-years' term, the Imperial finances were not in a state to justify a revision which was clearly going to involve a large transfer of Imperial funds to the Local Government. The consequence was that the province had to continue working with a deficit, and getting deeper into debt to Imperial revenues. We have now, in consultation with the Lieutenant-Governor and his officers, given our most careful consideration to the special difficulties of the province and arranged, with the Secretary of State's approval, to provide it with such a moderate addition to its resources as the efficiency of administration seems to demand. The result is that

*I do not allude to grants which are passed through Provincial accounts as subsidies to local authorities.

our fixed subsidy, to balance the standard figures of revenue and expenditure, has had to be raised by £255,000 a year. We have also, out of our high opium receipts in the current year, cancelled the province's overdraft and raised its balance to the prescribed minimum of 12 lakhs: this has cost us £246,000, which of course is non-recurring. I trust that with this liberal assistance the new province will now advance along the paths of financial stability.

55. I conclude this portion of my remarks by explaining certain contributions from Provincial to Imperial revenues which will appear as new recurring assignments in the estimates of the eight major provinces for 1910-1911. Our measures for obtaining extra taxation will mean, as we estimate, an increased revenue of £166,000 under Excise and Stamps; but, as these are 'divided' heads and we require the whole of the extra revenue for Imperial purposes, we have appropriated the Provincial share of it, or £83,000, by taking contributions from the Local Governments concerned. The amount which we thus take from each province is based on a rough estimate of what the province is likely to collect on account of the higher duties.

Ways and Means.

56. Hitherto we have been considering almost exclusively the current revenue and expenditure of India. I must turn to the operations upon our cash balances, both in India and in the Secretary of State's custody in London. As the Government of India is its own banker, it is into our general cash balances that all our current revenue is paid, and from them that all our current expenditure is drawn. They are also the reservoir for the proceeds of all sterling and rupee loans, whether raised by Government or by railway companies which work our State lines; for the whole of our unfunded debt; and for all the miscellaneous deposits which are not earmarked for separate custody. All the provincial balances merge in them, and in them are absorbed all the repayments and interest of State loans or advances to local bodies and private individuals. Similarly, it is out of our cash balances that we take all our capital expenditure on railways and irrigation; all the advances which Government makes to local authorities and private persons; and all the money used in the discharge of our permanent, temporary or unfunded debt, or in the repayment of deposits. Finally, it is through our cash balances, owing to their being located partly in England and partly in India, that Council Bills are usually drawn and the greater part of Government's remittances between England and India effected It is with our cash balances therefore that our estimate of Ways and Means are concerned.

57. For 1910-11 we count on opening with £12,503,227 in our balances in India, and £12,758,615 in England: the latter figure including £2,064,118 on account of the Gold Standard Reserve, and being further swelled by part of the proceeds of the £7½ million loan which the Secretary of State floated last month. Our chief requirements during the year will be our capital expenditure of £12,000,000 on railways and irrigation, and £946 300 for the discharge of permanent debt; to which may be added a net debit of £741,100 for transactions on account of the Gold Standard Reserve; the total of these liabilities coming to £13,687,400. To meet these, we shall have our revenue surplus of £245,900 and a further £500,000 from the Famine Grant. The Secretary of State has still to realize £1,637,600 out of his January loan; and certain Railway Companies are expected to raise fresh capital amounting to £2,597,500. Our unfunded debt receipts are estimated at £1,119,200 and the net result of our advance and remittance accounts, etc., will be a credit of £348,600. From the aggregate of these resources we shall thus obtain £6,448,800: and our high opening balances will be reduced during the course of the year by £6,238,600, thus bringing our available means up to £12,687,400. This leaves us still short by £1,000,000, and we intend to borrow that amount (1½ crores of rupees) in India. We estimate our closing balances on the 31st March 1910 at £12,404,127 in India and £6,619,115 in England; £1,323,018 of the latter being held on account of the Gold Standard Reserve.

58. Besides the transactions which I have thus described, the year will be marked by the purchase of the Indian Midland Railway. This liability will be met partly by taking over Debentures and partly from the proceeds of temporary loans which the Secretary of State will raise in England.

59. The announcement regarding borrowings is made subject to the usual reservation, and the Government of India retain full discretion to vary the programme, as now declared, in any way and to any extent that may be thought advisable.

60. The present intention of the Secretary of State is to draw bills on India for £16,500,000, but this also is subject to a similar reservation. The figure represents a

forecast of the Secretary of State's requirements; but additional bills will be sold, so far as may be, if needed to meet the demands of trade.

Exchange and Currency.

61. I propose now to pick up the narrative of our currency affairs and to continue it from the point up to which I was able to carry it in the Budget discussions last March. During the year 1908-09, the Government of India fought a strenuous campaign against the fall in exchange—the first that had been forced upon them since the adoption of the gold standard. When the year closed, the movements of trade were rapidly becoming more normal, and exchange was firm at 1*s.* $3\frac{29}{32}$*d.* with a tendency to rise. But though the battle had gone in our favour, its losses remained with us in the attenuated condition of our gold resources. In spite of the marked recovery which began in September 1908, the gold holding, in securities and cash, of our gold standard reserve was under 8 millions on the 31st of last March, and the reserve in India was laden, besides its standing silver nucleus of 6 crores, with the large sum of 9·88 crores in rupees, which we had withdrawn from circulation in exchange for the issue of gold in London. The gold in our currency chest at the Bank of England had fallen to $1\frac{1}{2}$ millions; and the amount of sovereigns in our hands in India was practically negligible—about £92,000. Our gold resources at the beginning of the current financial year were thus represented by a total figure of $9\frac{1}{2}$ millions sterling. A year earlier, on the 1st April 1908, they had been as high as 21 millions; and before the American financial crisis of October 1907, they had reached the substantial figure of $24\frac{1}{2}$ millions. It was with this contrast in my mind that I have considered it my duty to represent the urgency and importance of building up our gold resources again by every means in our power.

62. It is on the volume and direction of India's trade with the outside world that we must primarily depend for the strengthening of our gold position. We may husband our gold when we have it; we may cause it to fructify; we may even in emergency take exceptional means to supplement it. But it is the relation between our imports and our exports which, in the last resort, decides whether we are to keep our gold or to lose it. When I took stock of the position a year ago, our external trade, after the dislocation caused by the famine in Northern India and by the general depression in the world's markets, was beginning to resume its normal proportions. The very heavy imports of piece-goods, metals and silver which had helped to upset the balance in 1908 were at last easing off; the value of private merchandise and treasure which came into India by sea during the last three months of 1908-09 having been less by the enormous sum of $10\frac{1}{2}$ crores than in the corresponding quarter of the previous year. Along with this there was a substantial quickening in the export trade; big shipments of opium left Bombay in January; a good average cotton crop began to move; and the market for yarns in China revived after some temporary dulness. There was thus a considerable demand for currency, emphasised by the sharp reduction which our 1908 operations had effected in the stock of rupees available for circulation. The Secretary of State was able to sell very heavy drafts during the two busiest months of the year; and before the end of March he had found it possible to restore to the gold standard reserve about two millions of the gold which it had parted with. Such was the state of affairs when we last discussed the subject in this Council.

63. When the current year began, the improvement in the outlook had become unmistakable. Northern India was safe with a fine spring harvest; and the foreign market for our yarns, cotton and oilseeds continued active, while the imports of bar-silver fell very substantially from the high figure they had reached in the previous year. In May began large exports of wheat, which were abnormally heavy while they lasted. They ceased abruptly in August, and brought to a close the first phase of the year's trade movement. During the five months from April to August the net exports on private account amounted to close on 20 crores, as against $16\frac{1}{2}$ crores in the same period of 1906, $16\frac{1}{2}$ crores in 1907 and an actual (though small) net excess of imports in the five corresponding months of the anxious year 1908. Up till August then everything was wholly favourable to the improvement of our position. In September there came a slight check. Wheat had worked itself out for the time being; and there was a sharp drop in cotton and seeds. Simultaneously with this, imports bounded up again; the new crop of Java sugar was coming into the market, and large consignments reached India of piece-goods and precious metals. On the month's account the net result was a balance of net imports to the extent of about 1 crore. In this, I need hardly say, there was nothing unseasonable, and I should not have referred to the point had it

not been for the immediate effect on exchange to which I shall allude below. Clearly, however, the reversal of the balance in September was a merely transitory incident. By October the autumn harvests were safe, and a bounteous monsoon offered the best of prospects for the following spring. Trade soon flowed back into its normal channels; and since then the balance has been steadily in our favour; thanks mainly to the heavy exports of cotton, tea and jute, both raw and manufactured. During the third quarter of the year (last October to December) the exports as a whole exceeded the imports by 2 crores in value, against 1½ crores in 1908 and 2 crores in 1907; but the excess would have been very much greater if it had not been for the large arrivals of gold (about 5⅔ crores) in December.

64. It is instructive to watch how closely the fluctuations in exchange followed the broad movements of trade which I have outlined above. Beginning April at 1*s.* 3 29/32*d.* the rate stiffened to 1*s.* 4*d.* by the end of the month, thus returning to parity for the first time since Christmas 1907. It slipped back a point or two after the middle of May, but the Secretary of State met with no checks in his sale of bills until well into August. With the abrupt stoppage of the wheat exports, a shade of weakness came over the market. The reduced supply of export bills, combined with easy money (Bank rates of 3 per cent. in both Calcutta and Bombay), forced down the rate once more below gold point. I immediately put into force what may now be regarded as the regular and stereotyped procedure for checking a slump; and on the 2nd of September, and again on the 9th, the Comptroller General offered to sell bills on London at 1*s.* 3 29/32*d.* up to £500,000 worth in each week. The bills actually taken during the fortnight amounted only to £156,000; the Secretary of State at his end cut down his offers of remittances; and the market was almost immediately restored to confidence, exchange rising by rapid stages back to parity on the 23rd of September. From October onwards there has been no further sign of trouble; Council bills have been sold in very large quantities, at prices ranging from par to 3/32nds above, with 5/32nds for telegraphic transfers; and gold has begun once more to come freely into the country.

65. In currency affairs, effects sometimes follow causes with gratifying rapidity. As the result of the heavy demand for remittances to finance our revived export trade, the Secretary of State expects, in addition to satisfying all the requirements of his home treasury, to be able to raise the gold standard reserve by the end of March to over £14½ millions; that is, to repay to it the whole of the gold which had to be withdrawn in 1908 in support of exchange. Our currency reserve in London stands at 1½ millions; but the sovereign is once more visible in India, the stock of gold held by us in this country having risen to over 5¼ millions at the end of January, when it was still rapidly increasing. Within two years after the first breaches had been made in our position, our walls have been rebuilt and we are engaged in the further strengthening and extension of our defences.

66. I should be lacking in candour if I allowed the Council to think that we are yet satisfied with the sufficiency of our defences. We have come successfully through one financial crisis and one famine. But there have been blacker times in the financial world than the crisis of October 1907, and there have been longer and more widespread famines in India than the one which is now happily at an end. My desire is to see our gold resources strong enough to carry us over not one, but two, years of short exports; and to keep exchange stable through at least twice the period during which we supported it in 1908. I do not say that even then we should regard our position as absolutely clear; but what I have indicated seems as much as we need aim at for the present. I should now like to add a caution on the other side. I wish to dissociate the Government from the notion that a reduction in our gold holdings is an evil *per se*, and I trust that nothing which I have said above will be taken as indicating sympathy with that idea. There would be nothing more fallacious than to conceive of our gold reserves as being something that we put away in safety and strive to protect at all hazards. They exist to be used; and they are efficient only in so far as they are capable of being freely used for the purpose for which they were created. To hoard our gold when there is a clear case for employing it, would be fatal to our currency policy: and it may, and usually will, be just as much our duty to disperse our reserves when the balance of trade is against India, as it is our duty to build them up when the balance is in our favour. The increasing delicacy of the exchange standard and the more-frequent manifestations of nervousness in the market—I use the term in no offensive sense—may require us to open our gold reserves more often than has hitherto been necessary: but we shall not hesitate to do so whenever exchange clearly needs support.

67. It is therefore with genuine satisfaction that I am able to announce two recent decisions which ought to increase the efficiency of our gold reserves. The Council will

remember that, in August 1907, upon the advice of the Indian Railway Finance Committee, it was determined to employ one-half of the profits on our rupee coinage in capital expenditure upon railways. The sum of £1,123,604 was actually diverted in this manner. But for the future, as has now been decided, the whole of our coinage profits without reservation will be paid into the gold standard reserve until such time as the gold held by us, in that Reserve and in the Paper Currency Department combined, reaches the figure of £25 millions sterling. The second important change concerns the form in which the gold standard reserve is held in England. For the future, instead of tying up the whole amount in investments, the Secretary of State has consented to keep 1 million sterling uninvested, letting out this sum in short loans or putting it into bank deposits. Of the balance, he will hold a considerable portion in high-class securities with a near date of redemption; and the remainder in Consols or other approved stock. When we are next obliged to sell sterling bills on London, the Secretary of State will thus be able to meet them in the first instance from cash which is virtually at call. When this is exhausted, he can draw on his short-dated securities, upon which cash can always be obtained by sale or loan if it is impossible to wait for their maturity. If the crisis still continues, it will become necessary to realize—and to realize gradually and carefully—the more permanent securities. It will be for the Secretary of State in Council to carry out this operation, and he accepts the responsibility for doing so if occasion arises. I trust that the Council, as well as the large and important community who are vitally interested in such matters, will find in these arrangements and in the actions of Government during the last two years, no uncertain proof of the determination of those who are responsible for the Government of India to uphold the gold value of the rupee.

Conclusion.

68. In introducing the Budget last year I used the perhaps infelicitous expression 'a gamble in rain.' So far the gamble has resulted in a win, but I think every one will agree that, although the monsoon must always remain a dominating factor in forecasting the revenue and expenditure of India, it would be neither prudent nor right to approach the compilation of a budget from a gambling standpoint. Broadly speaking, it should be possible by the experience of past years, tempered by a careful review of possibly changed circumstances, to form a fairly close estimate of revenue and expenditure The monsoon will, however, always be a factor in regard to which hope must of necessity take the place of calculation: and that in itself renders budgeting in this country a matter of abnormal difficulty. All we can do is to calculate upon a reasonably good harvest, and in the literal and best sense put our trust in Providence.

69. To the best of my ability I have estimated our assets and liabilities for the ensuing year. The outcome necessitates some additional taxation. I can understand a certain malicious satisfaction in extracting revenue out of multi-millionaires. But this is not a rich country. A large proportion of its people are poor, an appreciable proportion are very poor. No right-minded man can impose additional taxation on India with a light heart. To me it is a very genuine sorrow to be obliged to do so. I did not sow the storm, but I am reaping the whirlwind.

I am confident that I may count on your sympathy.

I believe I shall have your support."

GUY FLEETWOOD WILSON.

The 25th February 1910.

FINANCIAL STATEMENT

OF THE

GOVERNMENT OF INDIA

FEBRUARY 1910.

ACCOUNTS	1908-1909
REVISED ESTIMATES	1909-1910
BUDGET ESTIMATES	1910-1911

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I.—General Statement of the Revenue, and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1908-1909.	Budget Estimate, 1909-1910.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
Revenue—					
Principal Heads of Revenue—		£	£	£	£
Land Revenue	A	19,759,060	20,898,800	21,292,100	21,138,900
Opium	„	5,884,788	4,416,000	5,522,300	4,650,600
Salt	„	3,276,159	3,320,000	3,306,600	3,365,000
Stamps	„	4,344,156	4,474,500	4,551,500	4,756,500
Excise	„	6,389,628	6,782,000	6,536,200	6,786,700
Customs	„	4,832,264	5,025,400	4,868,700	6,018,300
Other Heads	„	4,808,480	4,942,900	4,862,900	4,973,900
TOTAL PRINCIPAL HEADS	...	49,294,535	49,859,600	50,940,300	51,689,900
Interest	A	987,325	1,018,300	1,177,500	1,115,300
Post Office	„	1,825,620	1,963,800	1,904,800	1,977,400
Telegraph	„	978,097	950,100	921,900	945,500
Mint	„	102,654	147,700	103,200	142,900
Receipts by Civil Departments	„	1,145,977	1,156,400	1,149,700	1,185,300
Miscellaneous	„	575,705	621,000	594,800	624,900
Railways : Net Receipts	„	9,958,041	13,134,400	12,490,800	12,529,600
Irrigation	„	3,558,002	3,550,300	3,663,900	3,604,300
Other Public Works	„	287,938	294,100	272,300	302,100
Military Receipts	„	1,047,641	1,055,200	1,084,500	1,147,400
TOTAL REVENUE	...	69,761,535	73,750,900	74,303,700	75,264,600
Deficit	...	3,737,710	...	...	...
TOTAL	...	73,499,245	73,750,900	74,303,700	75,264,600

K. B. WAGLE,
Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT,
February 25, 1910.

Revenue, of the Government of India, in India and in England.

	For details, *vide* Statement.	Accounts, 1908-1909.	Budget Estimate, 1909-1910.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
Expenditure—		£	£	£	£
Direct Demands on the Revenues	B	8,742,487	8,660,200	8,737,600	8,837,100
Interest	„	1,966,832	1,996,600	2,114,400	2,142,900
Post Office	„	1,896,753	1,916,600	1,927,100	1,951,200
Telegraph	„	1,028,073	1,063,300	1,029,400	1,085,900
Mint	„	192,129	106,000	126,900	92,100
Salaries and Expenses of Civil Departments	„	14,488,681	14,526,200	14,355,300	15,094,800
Miscellaneous Civil Charges	„	4,910,013	4,785,200	4,842,600	4,889,000
Famine Relief and Insurance	„	1,645,179	1,000,000	1,000,000	1,000,000
Railways: Interest and Miscellaneous Charges	„	11,200,291	11,687,300	11,662,300	12,043,400
Irrigation	„	2,949,179	3,027,700	3,073,300	3,106,200
Other Public Works	„	4,496,342	4,243,200	4,164,200	4,556,000
Military Services	„	20,650,629	20,708,200	20,317,600	20,853,900
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	74,166,588	73,720,500	73,350,700	75,652,500
Add—Provincial Surpluses: that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B	202,158	99,700	685,500	
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	*869,501*	*300,200*	*2,000*	*633,800*
TOTAL EXPENDITURE CHARGED TO REVENUE	...	73,499,245	73,520,000	74,034,200	75,018,700
SURPLUS	...	...	230,900	269,500	245,900
TOTAL	...	73,499,245	73,750,900	74,303,700	75,264,600

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts. Accounts, 1908-1909.	Budget Estimate, 1909-1910.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
		£	£	£	£
Surplus	C	...	230,900	269,500	245,900
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (net)	C	4,278,547	2,400,000	2,459,400	2,597,500
Capital subscribed by Native States towards outlay on State Railways	"	...	...	66,700	...
Profits on Rupee coinage appropriated to Railway Construction	"	51	...	...	...
Capital raised and deposited by Railway Companies (net)	"	1,020,306	69,300	15,800	122,200
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	5,633,956	4,182,400	9,534,500	5,345,400
Temporary Debt (net Incurred)	"	5,000,000	...	...	2,250,000
Unfunded Debt (net Incurred)	"	251,421	853,500	849,500	1,119,200
Deposits and Advances (net)	"	...	602,600	3,051,800	...
Loans and Advances by Imperial Government (net Repayments)	"	396,202	...	115,200	...
Loans and Advances by Provincial Governments (net Repayments)	"	..	330,300	744,700	196,200
Loans to Local Boards for Railway Construction	"	5,847	...	6,100	6,300
Remittances (net)	"	...	...	208,800	19,000
Secretary of State's Bills drawn	"	12,423,939	16,200,000	17,000,000	16,500,000
TOTAL RECEIPTS	...	29,010,269	24,869,000	34,322,000	28,401,700
Opening Balance—India	...	12,851,723	10,232,623	10,235,827	12,503,227
England	...	5,738,489	7,697,989	8,453,715	12,758,615
TOTAL	...	47,600,481	42,799,612	53,011,542	53,663,542

K. B. WAGLE,
Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT;
February 25, 1910.

Government of India, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1908-1909.	Budget Estimate, 1909-1910.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
		£	£	£	£
Deficit		3,737,710	...	...	...
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	983,489	1,000,000	1,066,700	1,133,300
Outlay on State Railways	"	9,488,168	7,594,100	6,927,300	8,518,600
Outlay of Railway Companies (net)	"	562,613	2,475,700	2,386,600	2,468,300
Capital involved in Redemption of Railway Liabilities	"	...	...	...	5,904,100
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	11,034,270	11,069,800	10,380,600	18,024,300
Debt, Deposits, and Advances—					
Deposits and Advances (net)	C	1,085,718	...	...	448,000
Loans and Advances by Imperial Government (net Advances)	"	...	48,000	...	66,900
Loans and Advances by Provincial Governments (net Advances)	"	944,407	...	...	...
Remittances (net)	"	277,008	26,300	...	...
Secretary of State's Bills paid	"	11,831,826	16,064,300	17,369,100	16,101,100
TOTAL DISBURSEMENTS	...	28,910,939	27,208,400	27,749,700	34,640,300
Closing Balance—India	...	10,235,827	12,262,523	12,503,227	12,404,127
England	...	8,453,715	3,328,689	12,758,615	6,619,115
TOTAL	...	47,600,481	42,799,612	53,011,542	53,663,542

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

A.—*Statement of the Revenue of*

HEADS OF REVENUE.	ACCOUNTS, 1908-1909.					REVISED
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)
	Imperial.	Provincial.				Imperial.	Provincial.
Principal Heads of Revenue—	R	R	£	£	£	R	R
I.—Land Revenue	10,21,48,186	19,42,37,212	19,759,060	...	19,759,060	11,70,29,000	20,23,52,000
II.—Opium	8,82,71,824	...	5,884,788	...	5,884,788	8,28,34,000	...
III.—Salt	4 91,42,387	...	3,276,159	...	3,276,159	4,95,99,000	...
IV.—Stamps	3 30,55,262	3,21,07,078	4,344,156	...	4,344,156	3,46,08,000	3,36,65,000
V.—Excise	4,88,53 750	4,69 90 661	6,389,628	...	6,389,628	4,99,90,000	4,80,52,000
VI.—Provincial Rates	61 768	79 42,153	533,595	...	533,595	32,000	81,63,000
VII.—Customs	7,24,83 965	...	4,832,264	...	4,832,264	7,30,30,000	...
VIII.—Assessed Taxes	1,29,73,392	1,03,27 895	1,553,419	...	1,553,419	1,31,03,000	1,03,74,000
IX.—Forest	1,30,63 160	1,24,50,241	1,700,894	...	1,700,894	1,32,86,000	1,24,95,000
X.—Registration	58,165	64,05,880	430,936	...	430,936	63,000	64,79,000
XI.—Tributes from Native States	88,44,542	...	589,636	...	589,636	89,51,000	...
TOTAL	42,89 56 901	31 04,61,120	49,294,535	...	49,294,535	44,25,25,000	32,15,80,000
XII.—Interest	98,89,078	35,76,988	897,737	89,588	987,325	1,04,41,000	46,35,000
XIII.—Post Office	2,73,84,300	...	1,825,620	...	1,825,620	2,85,72,000	
XIV.—Telegraph	1,45,69,059	...	971,271	6,826	978,097	1,37,65,000	...
XV.—Mint	15,39,808	...	102,654	...	102,654	15,48,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	2,40,864	39,60,891	280,117	...	280,117	2,45,000	41,09,000
XVI.—Law and Justice { Jails	3,09 378	33,84 124	246,234	...	246,234	3,16,000	33,20,000
XVII.—Police	1,13,490	22,58,354	158,123	...	158,123	1,26,000	21,19,000
XVIII.—Ports and Pilotage	...	20 99 818	139 988	...	139,988	...	21,24,000
XIX.—Education	26,388	23,50,065	158,430	...	158,430	25,000	24,38,000
XX.—Medical	8,643	8,24,448	55,539	1,010	56,549	9,000	8,43,000
XXI.—Scientific and other Minor Departments	1,85,760	13,94,894	105,377	1,159	106,536	2,06,000	13,27,000
TOTAL	8,84,523	1,62,72,594	1,143,808	2,169	1,145,977	9,27,000	1,62,80,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc	12,56 434	6,22,542	125,265	69,746	195,011	11,72,000	6,75,000
XXIII.—Stationery and Printing	6,96,052	7,37,468	95,568	...	95,568	6,62,000	7,49,000
XXIV.—Exchange	...	...	...	...	...	3,93,000	...
XXV.—Miscellaneous	12,33 148	25,57,956	252,740	32,386	285,126	12,11,000	28,56,000
TOTAL	31,85,634	39,17,966	473,573	102,132	575,705	34,38,000	42,80,000
Railways—							
XXVI.—State Railways (Gross Receipts)	40,18,64,328	99,592	26,797,595	2,293	26,799,888	42,91,42,000	1,02,000
Deduct:—Working Expenses	*24,88,02,040*	*80,960*	*16,592,200*	...	*16,592,200*	*23,72,21,000*	*99,000*
Surplus profits paid to Companies, etc.	*48,13,330*	...	*320,889*	...	*320,889*	*54,25,000*	...
Net Receipts	14,82,48,958	18,632	9,884,506	2,293	9,886,799	18,64,96,000	3,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	—14,419	...	—961	...	—961	—1,000	...
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of Advances of Interest)	2,39,585	...	15,972	56,231	72,203	2,07,000	...
TOTAL	14,84,74,124	18,632	9,899,517	58,524	9,958,041	18,67,02,000	3,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,38,75,417	1,98,38,939	2,247,624	...	2,247,624	1,50,50,000	1,95,16,000
Portion of Land Revenue due to Irrigation	1,41,84,688	21,80,980	1,091,044	...	1,091,044	1,45,62,000	23,59,000
XXX.—Minor Works and Navigation	8,75,787	24,14,220	219,334	...	219,334	10,52,000	24,19,000
TOTAL	2,89,35,892	2,44,34,139	3,558,002	...	3,558,002	3,06,64,000	2,42,94,000
Other Public Works—							
XXXI.—Civil Works	4,21,942	38,97,136	287,938	...	287,938	4,99,000	35,86,000
Military Receipts—							
XXXII.—Army: Effective	67,56,868	...	450,458	314,282	764,740	69,18,000	...
Non-Effective	10,49,702	...	69,980	28,219	98,199	11,01,000	...
	78,06 570	...	520,438	342,501	862,939	80,19,000	...
XXXIII.—Marine	18,81,727	...	125,448	...	125,448	11,58,000	...
XXXIV.—Military Works	8,88,805	...	59,254	...	59,254	10,50,000	...
TOTAL	1,05,77,102	...	705,140	342,501	1,047,641	1,02,27,000	...
TOTAL REVENUE	67,48,18,363	36,25,78,569	69,159 795	601,740	69,761,535	72,93,08,000	37,46,58,000

India, in India and in England.

ESTIMATE, 1909-1910.			Increase + Decrease — as compared with Budget Estimate, 1909-1910.	BUDGET ESTIMATE, 1910-1911.					Increase + Decrease — of Budget, 1910-1911, as compared with Budget Estimate, 1909-1910.	Increase + Decrease — of Budget, 1910-1911, as compared with Revised Estimate 1909-1910.
				INDIA. (RUPEE FIGURES.)						
Total India (converted into £ at Rs15=£1).	England.	TOTAL.		Imperial.	Provincial.	Total India (converted into £ at Rs15=£1).	England.	TOTAL.		
£	£	£	£	₹	₹	£	£	£	£	£
21,292,100	...	21,292,100	+ 393,300	12,24,41,000	19,46,43 000	21,138,900	...	21,138,900	+ 240,100	—153,200
5,522,300	...	5,522,300	+ 1,106,300	6,97,59,000	...	4,650,600	...	4,650,600	+ 234,600	—871,700
3,306,600	...	3,306,600	—13,400	5,04,75,000	...	3,365,000	...	3,365,000	+ 45,000	+ 58,400
4,551,500	...	4,551,500	+ 77,000	3,61,73,000	3,51,75,000	4,756 500	...	4,756 500	+ 282,000	+ 205,000
6,536,200	...	6,536,200	— 245,800	5,18,75,000	4,99,25,000	6,,86,700	...	6,786,700	+ 4,700	+ 250,500
546,300	...	546,300	+ 11,800	14,000	81,30,000	542,900	...	542,900	+ 8,400	—3,400
4,868,700	...	4,868,700	—156,700	9,02,74,000	...	6,018,300	...	6,018,300	+ 992,900	+ 1,149,600
1,565,100	...	1,565,100	—20,100	1,35,46,000	1,07,76,000	1,621,500	...	1,621,500	+ 36,300	+ 56,400
1,718,700	...	1,718,700	— 75,600	1,36,62,000	1,28,01,000	1,768,200	...	1,768,200	— 26,100	+ 49,500
436,100	...	436,100	—6,300	65,000	67,00,000	451,000	...	451,000	+ 8,600	+ 14,900
596,700	...	596,700	+ 10,200	88,55,000	...	590 300	...	590,300	+ 3,800	— 6,400
50,940,300	...	50,940,300	+ 1,080,700	45,71,39,000	31,82,10,000	51,689,900	...	51,689,900	+ 1,830,300	+ 749,600
1,005,100	172,400	1,177,500	+ 159,200	1,06,74,000	44,15,000	1 005,900	109,400	1,115,300	+ 97,000	—62,200
1,904,800	...	1,904,800	—59,000	2,96,61,000	...	1,977 400	...	1,977,400	+ 13,600	+ 72,600
917,700	4,200	921,900	—28,200	1,41,00,000	...	940,000	5,500	945,500	— 4,600	+ 23 600
103,200	...	103,200	— 44,500	21,43,000	...	142,900	...	142,900	—4,800	+ 39,700
290,200	...	290,200	+ 14,500	2,44,000	40,44,000	285,800	...	285,800	+ 10,100	—4,400
242,400	...	242,400	—18,300	3,18,000	35,8 ,008	259,900	...	259,900	— 800	+ 17,500
149,700	...	149,700	—100	1,21,000	21,05,000	148,400	...	148,400	— 1,400	— 1,300
141,600	...	141,600	+ 1,200	...	21,29,000	14 ,900	...	141,900	+ 1,500	+ 300
164,200	...	164,200	—1,300	27,000	26,47,000	178,300	...	178,300	+ 12,800	+ 14,100
56,800	900	57,700	+ 1,200	9,000	8,58,000	57,800	900	58,700	+ 2,200	+ 1,000
102,200	1,700	103,900	— 3,900	1,92,000	14,81,000	111,500	800	112,300	+ 4,500	+ 8,400
1,147,100	2,600	1,149,700	—6,700	9,11,000	1,68,44,000	1,183,600	1,700	1,185,300	+ 28,900	+ 35,600
123,100	65,300	188,400	—3,100	12,28,000	6,30,000	123,900	65,600	189,500	—2,000	+ 1,100
94,100	...	94,100	+ 5,500	6,50,000	7,06,000	90,400	...	90,400	+ 1,800	—3,700
26,200	...	26,200	+ 26,200	...	...	...	...	...	...	—26,200
271,100	15,000	286,100	—54,800	19,81,000	29,45,000	328,400	16,600	345,000	+ 4,100	+ 58,900
514,500	80,300	594,800	—26,200	38,59,000	42,81,000	542,700	82,200	624,900	+ 3,900	+ 30,100
28,616,300	200	28,616,500	—565,900	44,60,77,000	1,05,000	29,745,500	200	29,745 700	+ 563,300	+ 1,129,200
15,821,300	...	*15,821,300*	—73,500	*25,25,98,000*	*85,000*	*16,845,000*	...	*16,845,600*	—1,097,800	—1,024,300
361,700	...	*361,700*	—11,500	*61,23,000*	...	*408,200*	...	*408,200*	—58,000	—46,500
12,433,300	200	12,433,500	—650,900	18,73,56,000	20,000	12,491,700	200	12,491,900	—592,500	+ 58,400
—100	...	—100	—100	...	..	...	...	...	...	+ 100
13,800	43,600	57,400	+ 7,400	2,28,000	...	15,200	22,500	37,700	— 12,300	—19,700
12,447,000	43,800	12,490,800	— 643,600	18,75,84,000	20,000	12,506,900	22,700	12,529,600	— 604,800	+ 38,800
2,304,400	...	2,304,400	+ 47,500	1,45,38,000	1,92,81,000	2,254,600	...	2,254,600	—2,300	—49,800
1,128,100	...	1,128,100	+ 49,500	1,45,91,000	23,51,000	1,129,500	...	1,129,500	+ 50 900	+ 1.400
231,400	...	231,400	+ 16,600	8,54,000	24,49,000	220,200	...	220,200	+ 5,400	—11,200
3,663,900	..	3,663,900	+ 113,600	2,99,83,000	2,40,81,000	3,604,300	...	3,604,300	+ 54,000	— 59,600
272,300	...	272,300	— 21,800	9,68,000	35,63,000	302,100	...	302,100	+ 8,000	+ 29,800
461,200	374,700	835,900	+ 10,700	77,48,000	...	516,500	389,900	906,400	+ 81,200	+ 70,500
73,400	28,000	101,400	—300	10,95,000	...	73,000	30,000	103,000	+ 1,300	+ 1,600
534,600	402,700	937,300	+ 10,400	88,43,000	...	589,500	419,900	1,009,400	+ 82,500	+ 72,100
77,200	...	77,200	+ 7,700	11,20,000	...	74,700	...	74,700	+ 5,200	—2,500
70,000	...	70,000	+ 11,200	9,50,000	...	63,300	...	63,300	+ 4,500	—6,700
681,800	402,700	1,084,500	+ 29,300	1,09,13,000	...	727,500	419,900	1,147,400	+ 92,200	+ 62,900
73,597,700	706,000	74,303,700	+ 552,800	74,79,35,000	37,14,14,000	74,623,200	645,400	75,264,600	+ 1,513,700	+ 960,900

B.—*Statement of the Expenditure charged to the*

HEADS OF EXPENDITURE.	ACCOUNTS, 1908-1909. India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.	Total India (converted into £ at R15=£1).	England.	Total.	REVISED India. (Rupee Figures.) Imperial.	Provincial.
	₹	₹	£	£	£	₹	₹
Direct Demands on the Revenues—							
1.—Refunds and Drawbacks	28,98,706	10,85,152	265,591	...	265,591	45,02,000	10,23,000
2.—Assignments and Compensations	86,54,717	95,58,829	1,214,236	...	1,214,236	86,23,000	95,43,000
Charges in respect of Collection, *viz.*:—							
3.—Land Revenue	38,46,282	5,09,55,736	3,653,468	464	3,653,932	40,93,000	5,10,01,000
4.—Opium (including cost of Production)	1,85,24,445	...	1,234,963	1,125	1,236,088	1,65,48,000	...
5.—Salt (including cost of Production)	51,22,891	...	341,526	1,582	343,108	49,47,000	...
6.—Stamps	—5,07,417	10,67,981	37,371	136,667	174,038	—6,24,000	11,43,000
7.—Excise	30,29,404	28,26,638	390,403	149	390,552	30,72,000	29,07,000
8.—Provincial Rates	...	65,761	4,384	...	4,384	...	76,000
9.—Customs	31,32,958	...	208,864	159	209,023	32,58,000	...
10.—Assessed Taxes	1,92,939	1,90,585	25,568	...	25,568	1,99,000	1,96,000
11.—Forest	77,86,172	70,41,218	988,492	5,666	994,158	80,23,000	72,41,000
12.—Registration	16,766	34,60,373	231,809	...	231,809	17,000	35,50,000
TOTAL	5,26,97,863	7,62,52,273	8,596,675	145,812	8,742,487	5,26,58,000	7,66,80,000
Interest—							
13.—Interest on Debt	3,56,18,964	1,21,26,476	3,183,029	5,286,565	8,469,594	3,64,71,000	1,23,99,000
Deduct—Amounts chargeable to Railways†	*4,14,25,434*	...	*2,761,696*	*3,253,052*	*6,014,748*	*4,21,26,000*	...
„ Amounts chargeable to Irrigation	*47,37,745*	*88,87,328*	*908,338*	*108,989*	*1,017,327*	*52,25,000*	*91,04,000*
Remainder chargeable on Ordinary Debt	—1,05,44,215	32,39,148	—487,005	1,924,524	1,437,519	—1,08,80,000	32,95,000
14.—Interest on other obligations	79,39,539	146	529,313	...	529,313	81,99,000	...
TOTAL	—26,04,676	32,39,294	42,308	1,924,524	1,966,832	—26,81,000	32,95,000
15.—Post Office	2,76,29,469	...	1,841,964	54,789	1,896,753	2,80,73,000	...
16.—Telegraph	1,31,90,770	...	879,385	148,688	1,028,073	1,37,10,000	...
17.—Mint	24,21,989	...	161,466	30,663	192,129	16,30,000	...
Salaries and Expenses of Civil Departments							
18.—General Administration	91,77,085	1,09,43,900	1,341,399	353,434	1,694,833	89,97,000	1,10,20,000
19.—Law and Justice { Courts	8,84,074	4,04,12,407	2,753,099	488	2,753,587	9,10,000	4,05,40,000
19.—Law and Justice { Jails	20,90,811	1,19,04,126	932,996	...	932,996	19,12,000	1,14,11,000
20.—Police	27,83,799	6,01,32,053	4,194,390	1,832	4,196,222	28,93,000	6,07,37,000
21.—Ports and Pilotage	...	37,78,294	251,886	212	252,098	...	25,41,000
22.—Education	8,63,804	2,42,37,559	1,673,424	8,911	1,682,335	6,81,000	2,47,61,000
23.—Ecclesiastical	17,90,147	...	119,343	739	120,082	18,61,000	...
24.—Medical	8,27,124	1,42,80,119	1,007,150	10,562	1,017,712	8,44,000	1,43,67,000
25.—Political	1,38,79,533	11,08,126	999,177	8,335	1,007,512	1,26,19,000	11,55,000
26.—Scientific and other Minor Departments	58,61,798	57,56,596	774,560	56,744	831,304	57,20,000	64,64,000
TOTAL	3,81,58,175	17,25,53,180	14,047,424	441,257	14,488,681	3,64,37,000	17,29,96,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	34,75,049	...	231,670	11,085	242,755	33,96,000	...
28.—Civil Furlough and Absentee Allowances	2,114	...	141	366,639	366,780	3,000	...
29.—Superannuation Allowances and Pensions	11,32,072	1,40,19,763	1,010,122	2,048,112	3,058,234	11,58,000	1,46,14,000
30.—Stationery and Printing	22,86,456	75,76,130	657,506	129,222	786,728	17,83,000	76,29,000
31.—Exchange	5,16,552	...	34,437	...	34,437	...	...
32.—Miscellaneous	8,61,976	49,08,796	384,718	36,361	421,079	6,12,000	39,38,000
TOTAL	82,74,219	2,65,04,689	2,318,594	2,591,419	4,910,013	69,52,000	2,61,81,000
Famine Relief and Insurance—							
33.—Famine Relief	86,25,475	62,55,702	992,079	...	992,079	7,29,000	2,69,00
34.—Construction of Protective Railways	1,048	....	70	...	70	2,22,000	...
35.—Construction of Protective Irrigation Works	59,12,632	...	394,175	8,855	403,030	69,83,000	...
36.—Reduction or Avoidance of Debt	...	37,50,000	250,000	...	250,000	28,30,000	37,50,000
TOTAL	1,45,39,155	1,00,05,702	1,636,324	8,855	1,645,179	1,07,64,000	40,19,000
Carried over	15,43,06,964	28,85,55,138	29,524,140	5,346,007	34,870,147	14,75,43,000	28,31,71,000

	ACCOUNTS, 1908-1909. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.	REVISED ESTIMATE, 1909-1910. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.
†Included under the following heads:—	₹	£	£	£	₹	£	£	£
State Railways—Interest on Debt	3,75,31,608	2,502,107	3,033,839	5,535,946	3,83,34,000	2,555,600	3,115,900	5,671,500
Ditto —Interest chargeable against Companies on Advances	38,93,826	259,589	219,213	478,802	37,92,000	252,800	219,300	472,100
TOTAL	4,14,25,434	2,761,696	3,253,052	6,014,748	4,21,26,000	2,808,400	3,335,200	6,143,600

Revenues of India, in India and in England.

ESTIMATE, 1909-1910.			Increase + Decrease — as compared with Budget Estimate, 1909-1910.	BUDGET ESTIMATE, 1910-1911.					Increase + Decrease — of Budget, 1910-1911, as compared with Budget Estimate, 1909-1910.	Increase + Decrease — of Budget, 1910-1911, as compared with Revised Estimate, 1909-1910.
				INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.		
Total India (converted into £ at R15=£1).	England.	TOTAL.		Imperial.	Provincial.					
£	£	£	£	R	R	£	£	£	£	£
368,300	...	368,300	+136,200	26,85,000	9,44,000	241,900	...	241,900	+9,800	—126,400
1,211,100	...	1,211,100	+9,400	85,88,000	95,00,000	1,205,900	...	1,205,900	+4,200	—5,200
3,672,900	700	3,673,600	—4,000	43,90,000	5,22,05,000	3,773,000	1,300	3,774,300	+96,700	+100,700
1,103,200	900	1,104,100	+12,700	1,64,46,000	...	1,096,400	500	1,096,900	+5,500	—7,200
329,800	500	330,300	—28,500	53,68,000	...	357,900	100	358,000	—800	+27,700
34,600	106,800	141,400	—500	—6,28,000	11,63,000	35,700	75,000	110,700	—31,200	—30,700
398,600	500	399,100	—700	33,32,000	31,42,000	431,600	100	431,700	+31,900	+32,600
5,100	...	5,100	—1,100	...	98,000	6,500	...	6,500	+300	+1,400
217,200	400	217,600	—12,300	36,23,000	...	241,500	500	242,000	+12,100	+24,400
26,300	...	26,300	—800	2,12,000	2,09,000	28,100	...	28,100	+1,000	+1,800
1,017,600	5,300	1,022,900	—34,700	85,56,000	77,40,000	1,086,400	6,500	1,092,900	+35,300	+70,000
237,800	...	237,800	+1,700	19,000	37,04,000	248,200	...	248,200	+12,100	+10,400
8,622,500	115,100	8,737,600	+77,400	5,25,91,000	7,87,05,000	8,753,100	84,000	8,837,100	+176,900	+99,500
3,258,000	5,519,200	8,777,200	+39,500	3,64,83,000	1,23,67,000	3,256,700	5,787,600	9,044,300	+306,600	+267,100
2,808,400	*3,335,200*	*6,143,600*	+53,900	*4,42,76,000*	...	*2,951,800*	*3,397,100*	*6,348,900*	—151,400	—205,300
955,200	*110,600*	*1,065,800*	+7,700	*57,44,000*	*93,40,000*	*1,005,600*	*111,700*	*1,117,300*	—43,800	—51,500
—505,600	2,073,400	1,567,800	+101,100	—1,35,37,000	30,27,000	—700,700	2,278,800	1,578,100	+111,400	+10,300
546,600	...	546,600	+16,700	84,72,000	...	564,800	...	564,800	+34,900	+18,200
41,000	2,073,400	2,114,400	+117,800	—50,65,000	30,27,000	—135,900	2,278,800	2,142,900	+146,300	+28,500
1,871,500	55,600	1,927,100	+10,500	2,84,42,000	...	1,896,100	55,100	1,951,200	+34,600	+24,100
914,000	115,400	1,029,400	—33,900	1,39,84,000	...	932,300	153,600	1,085,900	+22,600	+56,500
108,700	18,200	126,900	+20,900	13,07,000	...	87,100	5,000	92,100	—13,900	—34,800
1,334,500	330,200	1,664,700	—3,000	92,12,000	1,15,82,000	1,386,300	358,200	1,744,500	+76,800	+79,800
2,763,300	200	2,763,500	+45,400	9,05,000	4,13,46,000	2,816,700	500	2,817,200	+99,100	+53,700
888,200	100	888,300	+4,800	19,90,000	1,16,18,000	907,200	100	907,300	+23,800	+19,000
4,242,000	2,100	4,244,100	—20,200	29,36,000	6,31,94,000	4,408,700	2,100	4,410,800	+146,500	+166,700
169,400	200	169,600	—11,600	...	27,45,000	183,000	200	183,200	+2,000	+13,600
1,696,100	11,000	1,707,100	—20,700	7,07,000	2,76,80,000	1,892,500	11,100	1,903,600	+175,800	+196,500
124,000	700	124,700	—3,000	18,98,000	...	126,500	400	126,900	—800	+2,200
1,014,100	8,800	1,022,900	—73,400	9,15,000	1,61,64,000	1,138,600	8,400	1,147,000	+50,700	+124,100
918,300	6,600	924,900	—47,300	1,24,27,000	12,17,000	909,600	3,800	913,400	—58,800	—11,500
812,300	33,200	845,500	—41,900	65,15,000	70,92,000	907,100	33,800	940,900	+53,500	+95,400
13,962,200	393,100	14,355,300	—170,900	3,75,05,000	18,26,38,000	14,676,200	418,600	15,094,800	+568,600	+739,500
226,400	13,600	240,000	+3,100	33,78,000	...	225,200	10,400	235,600	—1,300	—4,400
200	298,000	398,200	+29,800	4,000	...	300	398,000	398,300	+29,900	+100
1,051,500	2,049,700	3,101,200	+16,400	11,77,000	1,51,05,000	1,085,500	2,076,200	3,161,700	+76,900	+60,500
627,500	118,100	745,600	+31,600	20,23,000	78,51,000	658,300	111,400	769,700	+55,700	+24,100
...	...	...	...	...	...	...	...	...	...	...
303,300	54,300	357,600	—23,500	7,36,000	37,65,000	300,000	23,700	323,700	—57,400	—33,900
2,208,900	2,633,700	4,842,600	+57,400	73,18,000	2,67,21,000	2,269,300	2,619,700	4,889,000	+103,800	+46,400
66,500	...	66,500	—137,900	...	...	...	...	...	—204,400	—66,500
14,800	...	14,800	—5,200	5,00,000	...	33,300	...	33,300	+13,300	+18,500
465,500	14,500	480,000	...	69,64,000	...	464,300	2,400	466,700	—13,300	—13,300
438,700	...	438,700	+143,100	37,50,000	37,50,000	500,000	...	500,000	+204,400	+61,300
985,500	14,500	1,000,000	...	1,12,14,000	37,50,000	997,600	2,400	1,000,000	...	...
28,714,300	5,419,000	34,133,300	+79,200	14,72,96,000	29,48,41,000	29,475,800	5,617,200	35,093,000	+1,038,900	+959,700

BUDGET ESTIMATE, 1910-1911.			
INDIA.			
Amount in Rupees.	Equivalent in £ at R15=£1.	England.	TOTAL.
R	£	£	£
4,03,57,000	2,689,200	3,177,800	5,867,000
39,39,000	262,600	219,300	481,900
4,42,76,000	29,51,800	3,397,100	6,348,900

B.—*Statement of the Expenditure charged to the*

HEADS OF EXPENDITURE.	ACCOUNTS, 1908-1909. India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.	Total India (converted into £ at R15=£1).	England.	Total.	REVISED India. (Rupee Figures.) Imperial.	Provincial.
	₹	₹	£	£	£	₹	₹
Brought forward	15,43,06,964	28,85,55,138	29,524,140	5,346,007	34,870,147	14,75,43,000	28,31,71,000
Railways—							
38.—State Railways: Interest on Debt	3,75,31 608	...	2,502,107	3,033,839	5,535,946	3,83,34,000	...
Annuities in purchase of Railways	...	...	...	3,268,132	3,268,132	...	...
Sinking Funds	...	...	...	159,491	159,491	...	...
Interest chargeable against Companies on Advances	38,93,826	...	259,589	219,213	478,802	37,92,000	...
Interest on Capital deposited by Companies	12,00,372	...	80,025	1,569,171	1,649,196	23,42,000	...
39.—Guaranteed Companies: Surplus Profits, Land, and Supervision	1,91,150	...	12,743	...	12,743	−25,000	...
40.—Subsidized Companies: Land, etc.	10,19,065	43,916	70,865	...	70,865	7,85,000	17,000
41.—Miscellaneous Railway Expenditure	2,93,969	82,777	25,116	...	25,116	5,48,000	22,000
TOTAL	4,41,29,990	1,26,693	2,950,445	8,249,846	11,200,291	4,57,76,000	39,000
Irrigation—							
42.—Major Works: Working Expenses	66,07,458	89,41,368	1,036,589	...	1,036,589	70,20,000	93,10,000
Interest on Debt	47,37,745	88,87,328	908 338	108,989	1,017,327	52,25,000	91,04,000
43.—Minor Works and Navigation	30,92,211	1,03,36,730	895.263	...	895 263	32,12,000	1,05,70,000
TOTAL	1,44,37,414	2,81,65,432	2,840,190	108,989	2,949,179	1,54,57,000	2,89,84,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	...	6,235	415	...	415	..	23,000
45.—Civil Works	1,05,02,114	5.57,35,210	4,415,822	80,105	4,495.927	89,84,000	5,21,89,000
TOTAL	1,05,02,114	5.57,41,445	4,416,237	80,105	4,496,342	89,84,000	5,22,12,000
Military Services—							
46.—Army: Effective	20,46,86,485	...	13,645,766	2,385.336	16,031,102	20,43,85,000	...
Non-Effective	1,01,51,545	...	676,770	2,469,394	3,146,164	1,01,72,000	...
	21,48,38,030	...	14,322,536	4,854,730	19,177,266	21,45,57,000	...
46A.—Marine	36,68,571	...	244,571	232,386	476,957	36,72,000	...
47.—Military Works	1,38,94,414	...	926,295	41,067	967,362	1,23,00,000	...
47A.—Special Defences (1902)	2,55,230	...	17,015	12,029	29,044	1,76,000	...
TOTAL	23,26,56,245	...	15,510,417	5,140,212	20,650,629	23,07,05,000	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	45,60,32,727	37,25,88,708	55,241,429	18,925,159	74,166,588	44,84,65,000	36,44,06,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	30,32,369	202,158	...	202,158	...	1,02,82,000
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	...	*1,30,42,508*	*869,501*	...	*869,501*	...	*30,000*
Total Expenditure charged to Revenue	45,60,32,727	36,25,78,569	54,574,086	18,925,159	73,499,245	44,84,65,000	37,46,58,000

	ACCOUNTS, 1908-1909. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.
Capital Expenditure not charged to Revenue—	₹	£	£	£
48.—State Railways	9,23,78,720	6,158,581	3,329,587	9,488,168
49.—Irrigation Works	1,38,54.346	923,623	59,866	983,489
TOTAL	10,62,33,066	7,082,204	3,389.453	10,471,657
50.—Redemption of Liabilities	...	...	...	...

Revenues of India, in India and in England—continued.

ESTIMATE, 1909-1910.			Increase+ Decrease — as compared with Budget Estimate, 1909-1910.	BUDGET ESTIMATE, 1910-1911.					Increase+ Decrease — of Budget, 1910-1911, as compared with Budget Estimate, 1909-1910.	Increase + Decrease —of Budget, 1910-1911 as compared with Revised Estimate, 1909-1910.
Total India (converted into £ at R15=£1).	England.	Total.		India. (Rupee Figures.)		Total India (converted into £ at R15=£1).	England.	Total.		
				Imperial.	Provincial.					
£	£	£	£	R	R	£	£	£	£	£
28,714,300	5,419,000	34,133,300	+79,200	14,72,96,000	29,48,41,000	29,475,800	5,617,200	35,093,000	+1,038,900	+959,700
2,555,600	3,115,900	5,671,500	—25,600	4,03,37,000	...	2,689,200	3,177,800	5,867,000	+169,900	+195,500
...	3,357,800	3,357,800	...	...	...	...	3,357,800	3,357,800	...	...
...	165,200	165,200	+100	...	...	...	171,200	171,200	+6,100	+6,000
252,800	219,300	472,100	—28,300	39,39,000	...	262,600	219,300	481,900	—18,500	+9,800
156,200	1,749,700	1,905,900	+71,700	24,94,000	...	166,200	1,854,100	2,020,300	+186,100	+114,400
—1,700	...	—1,700	—1,700	—9,000	...	—600	...	—600	—600	+1,100
53,500	...	53,500	—44,600	16,48,000	10,000	110,500	...	110,500	+12,400	+57,000
38,000	...	38,000	+3,400	5,12,000	18,000	35,300	...	35,300	+700	—2,700
3,054,400	8,607,900	11,662,300	—25,000	4,89,21,000	28,000	3,263,200	8,780,200	12,043,400	+356,100	+381,100
1,088,700	...	1,088,700	+55,600	69,01,000	90,40,000	1,062,800	...	1,062,800	+29,700	—25,900
955,200	110,600	1,065,800	—7,700	57,44,000	93,40,000	1,005,600	111,700	1,117,300	+43,800	+51,500
918,800	...	918,800	—2,300	34,33,000	1,04,59,000	926,100	...	926,100	+5,000	+7,300
2,962,700	110,600	3,073,300	+45,600	1,60,78,000	2,88,39,000	2,994,500	111,700	3,106,200	+78,500	+32,900
1,500	...	1,500	+600	...	4,000	300	...	300	—600	—1,200
4,078,200	84,500	4,162,700	—79,600	99,37,000	5,72,09,000	4,476,400	79,300	4,555,700	+313,400	+393,000
4,079,700	84,500	4,164,200	—79,000	99,37,000	5,72,13,000	4,476,700	79,300	4,556,000	+312,800	+391,800
13,625,700	2,174,800	15,800,500	—390,000	20,91,46,000	...	13,943,100	2,357,400	16,300,500	+110,000	+500,000
678,100	2,469,400	3,147,500	—12,900	1,04,55,000	...	697,000	2,491,000	3,188,000	+27,600	+40,500
14,303,800	4,644,200	18,948,000	—402,900	21,96,01,000	...	14,640,100	4,848,400	19,488,500	+137,600	+540,500
244,800	234,300	479,100	+5,300	38,33,000	...	255,500	228,800	484,300	+10,500	+5,200
820,000	33,800	853,800	—1,800	1,28,00,000	...	853,300	26,300	879,600	+24,000	+25,800
11,700	25,000	36,700	+8,800	22,000	...	1,500	...	1,500	—26,400	—35,200
15,380,300	4,937,300	20,317,600	—390,600	23,62,56,000	...	15,750,400	5,103,500	20,853,900	+145,700	+536,300
54,191,400	19,159,300	73,350,700	—369,800	45,84,88,000	38,09,21,000	55,960,600	19,691,900	75,652,500	+1,932,000	+2,301,800
685,500	...	685,500	+884,000	...	...	...	...	...	—433,300	—1,317,300
2,000	...	2,000		...	95,07,000	633,800	...	633,800		
54,874,900	19,159,300	74,034,200	+514,200	45,84,88,000	37,14,14,000	55,326,800	19,691,900	75,018,700	+1,498,700	+984,500

REVISED ESTIMATE, 1909-1910.				BUDGET ESTIMATE, 1910-1911.			
India.		England.	Total.	India.		England.	Total.
Amount in Rupees.	Equivalent in £ at R15=£1.			Amount in Rupees.	Equivalent in £ at R15=£1.		
R	£	£	£	R	£	£	£
7,14,34,000	4,762,300	2,165,000	6,927,300	9,93,15,000	6,621,000	1,897,600	8,518,600
1,54,45,000	1,029,700	37,000	1,066,700	1,65,39,000	1,102,600	30,700	1,133,300
8,68,79,000	5,792,000	2,202,000	7,994,000	11,58,54,000	7,723,600	1,928,300	9,651,900
...	...	...	...	...	...	5,904,100	5,904,100

C.—*Statement of Receipts and Disbursements of the*

	Accounts, 1908-1909.			Revised Estimate, 1909-1910.			Budget Estimate, 1910-1911.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	69,159,795	601,740	69,761,535	73,597,700	706,000	74,303,700	74,623,200	641,400	75,264,600
Excess of Revenue over Expenditure charged to Revenue			—3,737,710			269,500			245,900
Railway and Irrigation Capital not charged to Revenue									
Capital raised through Companies towards outlay on State Railways (net)	4,278,547	...	4,278,547	2,459,400	...	2,459,400	2,597,500	...	2,597,500
Capital subscribed by Native States towards outlay on State Railways	...	...	...	66,700	...	66,700	...	...	...
Profits on Rupee coinage appropriated to Railway Construction	51	...	51	...	...	...	...	...	...
Outlay of Railway Companies—									
Repayments	34,147	1,810	35,957	...	2,100	2,100	...	1,800	1,800
Net			0			0			0
Raised and Deposited by Railway Companies—									
On account of Subscribed Capital	9,020	1,020,000	1,029,020	71,000	150,000	221,000	122,200	2,848,400	2,970,600
Net			1,020,306			15,800			122,200
Permanent Debt Incurred—									
Sterling Debt—									
India Stock	...	5,342,053		...	8,199,600		...	1,637,600	
Indian Midland Railway Debentures	...	...		...	...		...	3,654,100	
Rupee Debt—									
Rupee Loan	1,333,333	...		1,666,700	...		1,000,000	...	
Total	1,333,333	5,342,053	6,675,386	1,666,700	8,199,600	9,866,300	1,000,000	5,291,700	6,291,700
Net			5,633,956			9,534,500			5,345,400
Temporary Debt Incurred—									
Temporary Loans	3,000,000	6,000,000	9,000,000	2,000,000	6,000,000	8,000,000	...	8,250,000	8,250,000
Net			5,000,000			0			2,250,000
Unfunded Debt—									
Deposits of Service Funds	94,944	...		92,400	...		90,200	...	
Savings Bank Deposits	4,330,962	...		5,125,700	...		5,509,600	...	
Total	4,425,906	...	4,425,906	5,218,100	...	5,218,100	5,599,800	...	5,599,800
Net			251,421			849,500			1,119,200
Deposits and Advances—									
Balances of Provincial Allotments	202,158	...		685,500	...		...	...	
Appropriation for Reduction or Avoidance of Debt	250,000	...		438,700	...		500,000	...	
Deposits of Local Funds—									
District Funds	3,532,830	...		3,673,600	...		3,637,000	...	
Other Funds	1,042,201	...		1,180,500	...		1,095,600	...	
Deposits of Sinking Funds	12,027	...		12,500	...		26,300	...	
Gold Standard Reserve	(b)8,174,459	(a)9,385,332		...	10,505,700	(a)	...	10,410,500	
Currency Reserve: Bonds drawn	...	463,910		...	...		...	...	
Departmental and Judicial Deposits	23,720,301	...		22,424,000	...		22,362,300	...	
Advances	5,589,691	164,233		3,779,800	1,000		4,081,900	1,000	
Suspense Accounts	224,043	...		60,100	...		10,100	...	
Exchange on Remittance Accounts, net	28,934	...		5,100	...		...	...	
Miscellaneous	287,365	2,350		70,800	...		48,700	...	
Total	43,064,009	10,015,825	53,079,834	32,336,600	10,506,700	42,843,300	31,761,900	10,411,500	42,173,400
Net			0			3,051,800			0
Carried over	125,304,808	22,981,428		117,416,200	25,564,400		115,704,600	27,444,800	

(*a*) Include £1,491,487 and £6,630,000 respectively remitted from India by means of Council Bills.
(*b*) Includes £7,988,000 on account of Demand Drafts on London.

Government of India, in India and in England.

	Accounts, 1908-1909.			Revised Estimate, 1909-1910.			Budget Estimate, 1910-1911.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	55,241,429	18,925,159	74,166,588	54,191,400	19,159,300	73,350,700	55,960,600	19,691,900	75,652,500
Add—Provincial Surpluses transferred to "Deposits"	202,158	...	202,158	685,500	...	685,500	...	...	...
Deduct—Provincial Deficits charged to "Deposits"	*869,501*	...	*869,501*	*2,000*	...	*2,000*	*633,800*	...	*633,800*
Total	54,574,086	18,925,159	73,499,245	54,874,900	19,159,300	74,034,200	55,326,800	19,691,900	75,018,700
Railway and Irrigation Capital not charged to Revenue—									
Outlay on Irrigation Works	923,623	59,866	983,489	1,029,700	37,000	1,066,700	1,102,600	30,700	1,133,300
Outlay on State Railways	6,158,581	3,329,587	9,488,168	4,762,300	2,165,000	6,927,300	6,621,000	1,897,600	8,518,600
Capital charge involved in redemption of Liabilities—									
Indian Midland Railway	...	...	...	...	...	...	...	5,904,100	5,904,100
Outlay of Railway Companies—									
Payments for Capital outlay	—622,669	1,221,239	598,570	970,600	1,418,100	2,388,700	1,083,200	1,386,900	2,470,100
Net			562,613			2,386,600			2,468,300
Raised and deposited by Railway Companies—									
Payments for discharge of Debentures	...	8,714	8,714	...	205,200	205,200	...	2,848,400	2,848,400
Net			0			0			0
Permanent Debt Discharged—									
Sterling Debt—									
Madras Railway Debentures	...	...		...	179,400		...	542,300	
B. B. C. I. Railway Debentures	...	865,800		...	...		...	275,600	
Rupee Debt—									
4½ p. c. Loans	1,127	...		500	...		400	...	
4 p. c. Loans	81,253	...		80,400	...		80,300	...	
3½ p. c. Loans	574	...		500	...		...	...	
3 p. c. Loan	91,980	...		70,800	...		47,600	...	
Provincial Debentures	693	...		200	...		100	...	
Stock Notes	3	...		...	...		...	...	
Total	175,630	865,800	1,041,430	152,400	179,400	331,800	128,400	817,900	946,300
Net			0			0			0
Temporary Debt Discharged—									
Temporary Loans	3,000,000	1,000,000	4,000,000	2,000,000	6,000,000	8,000,000	...	6,000,000	6,000,000
Net			0			0			0
Unfunded Debt—									
Special Loans	664	...		500	...		400	...	
Deposits of Service Funds	87,693	...		88,500	...		91,100	...	
Savings Bank Deposits	4,086,128	...		4,279,600	...		4,389,100	...	
Total	4,174,485	...	4,174,485	4,368,600	...	4,368,600	4,480,600	...	4,480,600
Net			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	869,501	...		2,000	...		633,800	...	
Deposits of Local Funds—									
District Funds	3,740,582	...		3,619,000	...		3,610,800	...	
Other Funds	1,006,390	...		1,143,700	...		1,062,000	...	
		(c)							
Gold Standard Reserve	8,174,425	10,046,737		300	8,911,400		...	11,151,600	
Currency Reserve: sums invested	...	463,910		...	...		...	...	
Departmental and Judicial Deposits	23,900,904	...		22,233,800	...		22,232,200	...	
Advances	5,034,825	14,674		3,859,600	1,000		3,886,800	1,000	
Suspense Accounts	124,125	...		16,000	...		42,400	...	
Miscellaneous	189,443	36		4,500	200		...	200	
Total	43,640,195	10,525,357	54,165,552	30,878,900	8,912,600	39,791,500	31,468,600	11,152,800	42,621,400
Net			1,085,718			0			448,000
Carried over	112,023,931	35,935,722		99,037,400	38,076,600		100,211,200	49,730,300	

(c) Includes £8,058,000 on account of payment of Demand Drafts on London.

C.—*Statement of Receipts and Disbursements of the*

	Accounts, 1908-1909.			Revised Estimate, 1909-1910.			Budget Estimate, 1910-1911.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . .	125,304,808	22,981,428		117,416,200	25,564,400		115,704,600	27,444,800	
Loans and Advances by Imperial Government .	624,518	...	624,518	272,300	...	272,300	214,700	...	214,700
Net .			396,202			115,200			0
Loans and Advances by Provincial Governments	1,835,335	...	1,835,335	1,853,500	...	1,853,500	1,216,800	...	1,216,800
Net .			0			744,700			196,200
Loans to Local Boards for Railway Construction .	5,847	...	5,847	6,100	...	6,100	6,300	...	6,300
Net .			5,847			6,100			6,300
Remittances—									
Inland Money Orders .	28,528,217	...		29,333,300	...		30,000,000	...	
Other Local Remittances	...	...		307,900	...		329,500	...	
Other Departmental Accounts . .	530,867	...		784,400	...		812,900	...	
Net Receipts by Civil Treasuries from—									
Post Office . .	211,857	...		1,000,300	...		1,226,800	...	
Guaranteed Railways	152	...		...	...		...	...	
Public Works . .	1,987,501	...		4,223,000	...		2,161,100	...	
Net Receipts from Civil Treasuries by—									
Telegraph . .	467,169	...		769,100	...		787,300	...	
Marine . . .	224,619	..		234,100	...		273,900	...	
Military . . .	13,489,702	...		13,360,600	...		13,624,600	...	
Remittance Account between England and India—									
Transfers through Paper Currency Reserve . .	...	2,205,000		...	...		...	...	
Railway transactions .	3,455,903	4,284,774		2,373,200	2,464,900		3,444,400	3,112,800	
Other „ .	805,088	786,415		892,200(*d*)	379,600		68,400	357,000	
Total .	49,701,075	7,276,189	56,977,264	53,278,100	2,844,500	56,122,600	52,728,900	3,469,800	56,198,700
Net .			0			208,800			19,000
Secretary of State's Bills drawn	...	(*e*) 12,423,939	12,423,939	...	(*e*) 17,000,000	17,000,000		16,500,000	16,500,000
Total Receipts .	177,471,583	42,681,556		172,826,200	45,408,900		169,871,300	47,414,600	
Opening Balance .	12,851,723	5,738,489		10,235,827	8,453,715		12,503,227	12,758,615	
GRAND TOTAL .	190,323,306	48,420,045		183,062,027	53,862,615		182,374,527	60,173,215	

(*d*) Includes £156,000 on account of Demand Drafts on London.
(*e*) In addition to £1,491,487 and £6,630,000 respectively for remittance of the Gold Standard Reserve.

K. B. WAGLE,
Deputy Comptroller General.

Fort William,
Finance Department;
February 25, 1910.

Government of India, in India and in England—continued.

	Accounts, 1908-1909.			Revised Estimate, 1909-1910.			Budget Estimate, 1910-1911.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	112,023,931	35,935,722		99,037,400	38,076,600		100,211,200	49,730,300	
Loans and Advances by Imperial Government .	228,316	...	228,316	157,100	...	157,100	281,600	...	281,600
Net .			0			0			66,900
Loans and Advances by Provincial Governments	2,779,742	...	2,779,742	1,108,800	...	1,108,800	1,020,600	...	1,020,600
Net .			944,407			0			0
Remittances—									
Inland Money Orders .	28,537,824	...		29,313,300	...		29,980,000	...	
Other Local Remittances	162,416	...		307,900	...		329,500	...	
Other Departmental Accounts . .	554,870	...		781,300	...		812,900	...	
Net payments into Civil Treasuries by—									
Post Office . .	211,950	...		1,000,300	...		1,226,800	...	
Guaranteed Railways	152	...		...	...		...	...	
Public Works .	2,136,298	...		4,013,000	...		2,161,100	...	
Net Issues from Civil Treasuries to—									
Telegraph . .	467,100	...		769,100	...		787,300	...	
Marine . . .	222,209	...		234,100	...		273,900	...	
Military . . .	13,491,841	...		13,360,600	...		13,024,000	...	
Remittance Account between England and India—									
Transfers through Paper Currency Reserve . .	2,205,000	...		...	...		...	...	
Railway transactions .	4,280,036	3,460,641		2,464,900	2,373,200		3,112,800	3,444,400	
Other ,,	953,968	569,967		641,900	654,200 (*d*)		47,000	379,400	
Total .	53,223,664	4,030,608	57,254,272	52,886,400	3,027,400	55,913,800	52,355,900	3,823,800	56,179,700
Net .			277,008			0			0
Secretary of State's Bills paid	(*e*) 11,831,826	...	11,831,826	(*e*) 17,369,100	...	17,369,100	16,101,100	...	16,101,100
Total Disbursements .	180,087,479	39,966,330		170,558,800	41,104,000		169,970,400	53,554,100	
Closing Balance .	10,235,827	8,453,715		12,503,227	12,758,615		12,404,127	6,619,115	
GRAND TOTAL .	190,323,306	48,420,045		183,062,027	53,862,615		182,374,527	60,173,215	

(*d*) Includes £156,000 on account of payment of Demand Drafts on London.
(*e*) In addition to £1,491,487, and £6,630,000 respectively for remittance of the Gold Standard Reserve.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

D.—*Account of Provincial Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.*

Provincial Balances.

	Central Provinces and Berar.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	Madras.	Bombay.	Total.	Equivalent in £ at Rs 15 = £1.
Accounts, 1908-1909.	₹	₹	₹	₹	₹	₹	₹	₹	₹	£
Balance at end of 1907-1908 . .	48,67,768	30,53,075	35,58,417	71,73,959	20,02,100	30,51,002	99,82,284	96,01,850	4,32,90,455	2,886,031
Added in 1908-1909 .	...	...	...	...	10,07,260	...	20,25,109	...	30,32,369	202,158
Spent in 1908-1909 .	30,97,865	20,60,678	23,57,687	13,30,371	...	15,76,981	...	26,18,926	1,30,42,508	869,501
Balance at end of 1908-1909 . .	17,69,903	9,92,397	12,00,730	58,43,588	30,09,360	14,74,021	1,20,07,393	69,82,924	3,32,80,316	2,218,688
Revised Estimate, 1909-1910.										
Balance at end of 1908-1909 . .	17,69,903	9,92,397	12,00,730	58,43,588	30,09,360	14,74,021	1,20,07,393	69,82,924	3,32,80,316	2,218,688
Added in 1909-1910 .	...	23,00,000	5,49,000	28,94,000	15,73,000	10,53,000	12,12,000	7,01,000	1,02,82,000	685,500
Spent in 1909-1910 .	30,000	...	...	...	...	...	...	...	30,000	2,000
Balance at end of 1909-1910 . .	17,39,903	32,92,397	17,49,730	87,37,588	45,82,360	25,27,021	1,32,19,393	76,83,924	4,35,32,316	2,902,188
Budget Estimate, 1910-1911.										
Balance at end of 1909-1910 . .	17,39,903	32,92,397	17,49,730	87,37,588	45,82,360	25,27,021	1,32,19,393	76,83,924	4,35,32,316	2,902,188
Added in 1910-1911 .	...	...	...	...	...	...	...	...	...	...
Spent in 1910-1911 .	7,40,000	15,87,000	2,89,000	17,37,000	5,28,000	11,52,000	19,27,000	15,47,000	95,07,000	633,800
Balance at end of 1910-1911 . .	9,99,903	17,05,397	14,60,730	70,00,588	40,54,360	13,75,021	1,12,92,393	61,36,924	3,40,25,316	2,268,388

K. B. WAGLE,
Deputy Comptroller General.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
February 25, 1910.

E.—*Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.*

REVENUE AND EXPENDITURE.		Accounts, 1908-1909.					Revised Estimate, 1909-1910.		Budget Estimate, 1910-1911.	
		Revenue.	Expenditure. Refunds and Assignments.	Expenditure. Cost of Collection and Production.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
		£	£	£	£	£	£	£	£	£
Revenue Heads.										
Principal Heads of Revenue.	Land Revenue (excluding that due to Irrigation)	19,759,060	754,022	3,653,932	15,351,106		16,878,900		16,631,200	
	Opium	5,884,788	3,587	1,236,088	4,645,113		4,302,600		3,550,100	
	Salt	3,276,159	267,455	343,108	2,665,596		2,712,400		2,740,100	
	Stamps	4,344,156	50,201	174,038	4,119,917		4,357,600		4,595,400	
	Excise	6,389,628	75,848	390,552	5,923,228		6,059,400		6,282,800	
	Provincial Rates	533,595	619	4,384	528,592		540,200		535,600	
	Customs	4,832,264	107,181	209,023	4,516,060		4,538,900		5,666,400	
	Assessed Taxes	1,553,419	8,843	25,568	1,519,008		1,528,500		1,584,400	
	Forest	1,700,894	9,030	994,158	697,706		690,000		669,900	
	Registration	430,936	961	231,809	198,166		197,300		201,700	
	Tributes	589,636	202,080	...	387,556		396,900		395,200	
	TOTAL	49,294,535	1,479,827	7,262,660	40,552,048		42,202,700		42,852,800	
	Total deduction from Revenue		8,742,487							
Expenditure Heads.										
Debt Services	Interest	987,325	1,966,832			979,507		936,900		1,027,600
Commercial Services.	Post Office	1,825,620	1,896,753			71,133		22,300	26,200	
	Telegraph	978,097	1,028,073			49,976		107,500		140,400
	Railways	9,958,041	11,200,291			1,242,250	828,500		486,200	
	Irrigation	3,558,002	2,949,179		608,823		590,600		498,100	
Other Public Works	Civil works, &c.	287,938	4,496,342			4,208,404		3,891,900		4,253,900
Mint	Mint	102,654	192,129			89,475		23,700	50,800	
Civil Departments	Civil Departments	1,145,977	14,488,681			13,342,704		13,205,600		13,909,500
Miscellaneous Civil Services.	Superannuation	195,011	3,058,234			2,863,223		2,912,800		2,972,200
	Exchange	...	34,437			34,437	26,200		...	
	Miscellaneous	285,126	421,079			135,953		71,500	21,300	
	Other heads	95,568	1,396,263			1,300,695		1,289,700		1,313,200
Famine Relief and Insurance	Famine Relief	...	992,079			992,079		66,500		...
	Other heads	...	653,100			653,100		933,500		1,000,000
Military Services	Army—Effective	764,740	16,031,102			15,266,362		14,964,600		15,394,100
	Army—Non-effective	98,199	3,146,164			3,047,965		3,046,100		3,085,000
	Marine	125,448	476,957			351,509		401,900		409,600
	Military works	59,254	967,362			908,108		783,800		816,300
	Special Defences (1902)	...	29,044			29,044		36,700		1,500
	TOTAL	69,761,535	74,166,588			4,405,053	953,000			387,900
Provincial Adjustment	Surplus		...					683,500		
	Deficit		667,343		667,343				633,800	
	TOTAL	69,761,535	73,499,245			3,737,710	269,500		245,900	
	Surplus						269,500		245,900	
	Deficit					3,737,710				
Capital Account	Railway and Irrigation Capital not charged to Revenue:—									
	Capital raised through Companies towards outlay on State Railways (net)				4,278,547		2,459,400		2,597,500	
	Capital subscribed by Native States towards outlay on State Railways						66,700		...	
	Profits on Rupee coinage appropriated for Railway Construction				51		...		...	
	Capital raised and deposited by Railway Companies (net)				1,020,306		15,800		122,200	
	Outlay on Irrigation Works					983,489		1,066,700		1,133,300
	Outlay on State Railways					9,488,168		6,927,300		8,518,600
	Outlay of Railway Companies (net)					562,613		2,386,600		2,468,300
	Capital involved in Redemption of Railway Liabilities					...				5,904,100
Debt, Deposits, Advances, and Remittances.	Permanent Debt (net)				5,633,056		9,534,500		5,345,400	
	Temporary Debt (net)				5,000,000		...		2,250,000	
	Unfunded Debt (net)				251,421		849,500		1,119,200	
	Loans and Advances by Imperial Government (net)				396,202		115,200			66,900
	Loans and Advances by Provincial Governments (net)					944,407	744,700		196,200	
	Loans to Local Boards for Railway Construction (net)				5,847		6,100		6,300	
	Deposits and Advances (net)					1,085,718	3,051,800			448,000
	Remittances (net)					277,008	208,800		19,000	
	Secretary of State's Bills drawn (net)				12,423,939		17,000,000		16,500,000	
	Secretary of State's Bills paid (net)					11,831,826		17,369,100		16,101,100
Cash Balance	Opening Balance (net)				29,010,269	28,910,939	34,322,000	27,749,700	28,401,700	34,640,300
	Closing Balance (net)				18,590,212		18,689,542		25,261,842	
						18,689,542		25,261,842		19,023,242
	TOTAL				47,600,481	47,600,481	53,011,542	53,011,542	53,663,542	53,663,542

K. B. WAGLE,
Deputy Comptroller General.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
February 25, 1910.

MEMORANDUM EXPLAINING THE DETAILS OF THE ESTIMATES.

Introductory.

1. In this memorandum the variations between the Revised and the Budget estimates of the current year, and between the latter and the Budget estimates of next year, are explained in detail for the major heads of account. Under most of the heads details by provinces have been given, and it may be explained that the figures shown against "India General" represent the transactions of the Central Government, including all expenditure directly controlled by it, of the minor administrations of Ajmer-Merwara, Baluchistan and Coorg, and of the convict settlement in the Andamans. The Budget estimates of Provincial and "Divided" expenditure in 1910-1911 generally represent the allotments proposed by the several Governments and Administrations with whom regular provincial settlements have been concluded, and fuller details of the figures will no doubt be given in their Financial Statements by the Local Governments which have respective Legislative Councils. It will be understood that the estimates now presented are not final. Alterations in the figures may be necessitated in the interests of accuracy or by the recommendations of the Imperial and Provincial Legislative Councils, or in consequence of important factors which come to light in the course of the next three weeks. All such alterations will be embodied in the Budget which will be presented to the Council on the 23rd March.

General results.

2. The broad totals of revenue and expenditure for the last year, the current year and the ensuing year are as follows :—

	Accounts, 1908-1909.
	£
Revenue	69,761,535
Expenditure charged to Revenue	73,499,245
Deficit	£3,737,710

	Revised, 1909-1910.
	£
Revenue	74,303,700
Expenditure charged to Revenue	74,034,200
Surplus £	269,500

	Budget, 1910-1911.
	£
Revenue	75,264,600
Expenditure charged to Revenue	75,018,700
Surplus £	245,900

LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY

These figures exclude all capital, debt and remittance transactions.

Accounts of 1908-1909.

3. The accounts of 1908-1909 are not discussed in this Memorandum ; but it has in the past been usual to give a brief explanation of the divergences between the revised estimate of revenue and expenditure for last year, as submitted to the Council twelve months ago, and the actual accounts of the year, as closed, audited and compiled in the Comptroller and Auditor General's Annual Appropriation Report. The revised estimates of 1908-1909 published in March 1909 were based upon the approximate figures of eleven months *plus* a forecast of the figures for the twelfth month of the year. To the extent, therefore, to which the March actuals differed from that forecast ; to which the audit detected errors or misclassification in the figures of the earlier months ; to which book adjustments had to be made between last year and this year, or between one major head and another, up to the time when the accounts were finally closed in last December ;—to that extent will the revenue and expenditure now before the Council differ from the estimate which they had to consider at the last Budget meeting. The differences as a rule are unimportant. They involve no question of principle, and their net effect is measured by something under 3 lakhs.

The total revenue has turned out about £133,000, and the total expenditure about £150,000, more than the revised estimate, with the result that the year's deficit was £17,000 larger than was anticipated. The figure is relatively small, though it is the outcome of wider fluctuations on both sides of the account. Railways yielded about £97,000 below the estimate; a heavy fall in the takings on the Great Indian Peninsula line and special activity in renewals and repairs on the North-Western line being mainly responsible. The Military figures were worse by about £72,000 net; chiefly as the result of heavier expenditure on food supplies, railway charges and pensionary charges. In the Mints, an unexpectedly large return of copper and bronze from circulation changed an expected coinage profit from that section of the currency into a loss, and led to a deterioration of £89,000 from the estimate. But on the other hand there were considerable savings under ordinary Public Works,—about £67,000, net; the Land Revenue receipts improved by about £63,000, particularly in Burma and Bombay; and the Salt returns rose by over £59,000, the issues in March having made a sudden spurt.

Authors of Memorandum.

4. Pages 93 to 102 of this Memorandum have been communicated by Mr. J. B. Brunyate, C.I.E., Secretary to the Government of India in the Military Finance branch; and the rest of the Memorandum has been drafted by Mr. Bhupendra Nath Mitra, M.A., special Budget Officer in the Finance department.

I AND 3.—LAND REVENUE.

REVENUE.

(Including the portion due to Irrigation.)

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General . .	15,24,613	14,99,376	17,93,778	16,96,000	18,40,000	17,38,000
2. North-West Frontier.	22,32,744	23,54,850	23,42,121	23,00,000	23,00,000	23,19,000
3. Other Provinces .	89,848	14,93,496	5,81,726	10,15,000	9,47,000	15,05,000
Divided and Provincial.						
1. Central Provinces .	1,70,73,306	1,59,86,051	1,66,30,891	1,89,10,000	1,86,00,000	1,87,58,000
2. Burma . .	3,86,04,016	3,87,39,774	4,10,68,905	4,06,41,000	4,28,83,000	4,34,00,000
3. Eastern Bengal and Assam . .	1,91,67,608	1,94,35,602	1,95,33,022	1,93,80,000	1,99,16,000	2,01,00,000
4. Bengal . . .	2,90,00,081	2,84,51,336	2,90,21,355	2,90,49,000	2,95,03,000	2,91,37,000
5. United Provinces .	6,31,96,701	5,30,49,572	6,50,19,626	6,90,70,000	6,95,57,000	6,76,84,000
6. Punjab . . .	2,71,96,161	2,48,36,729	2,45,79,377	2,94,40,000	3,16,13,000	3,04,90,000
7. Madras . . .	6,28,86,581	6,27,77,317	6,37,01,233	6,43,55,000	6,49,55,000	6,60,67,000
8. Bombay . . .	5,10,39,902	4,77,73,723	4,78,79,532	5,32,04,000	5,41,28,000	5,28,28,000
TOTAL REVENUE ₹	31,20,11,561	29,63,97,826	31,27,51,566	32,96,60,000	33,63,02,000	33,40,26,000
Shown under I.—Land Revenue . ₹	29,69,06,851	28,07,89,837	29,63,85,898	31,34,81,000	31,93,81,000	31,70,84,000
Shown under XXIX.—Irrigation . ₹	1,51,04,710	1,56,07,989	1,63,65,668	1,61,79,000	1,69,21,000	1,69,42,000
Equivalent of total Revenue in Sterling £	20,800,772	19,759,855	20,850,104	21,977,400	22,420,200	22,268,400
Shown under I.—Land Revenue . £	19,793,791	18,719,322	19,759,060	20,898,800	21,292,100	21,138,900
Shown under XXIX.—Irrigation . £	1,006,981	1,040,533	1,091,044	1,078,600	1,128,100	1,129,500

EXPENDITURE.

Imperial.						
1. India General . .	6,19,477	6,70,757	7,13,738	6,93,000	7,04,000	6,50,000
2. North-West Frontier.	7,15,041	5,98,411	5,58,745	5,80,000	5,92,000	6,07,000
3. Other Provinces .	16,35,755	17,57,939	24,07,398	28,10,000	26,27,000	29,85,000
Divided and Provincial.						
1. Central Provinces .	33,43,930	35,51,474	37,39,513	38,30,000	38,02,000	39,10,000
2. Burma . . .	57,41,354	64,45,276	68,19,354	66,65,000	67,69,000	68,45,000
3. Eastern Bengal and Assam . . .	28,27,099	32,19,351	30,67,804	32,10,000	31,33,000	31,52,000
4. Bengal . . .	35,92,309	37,67,946	37,10,161	40,00,000	37,10,000	39,86,000
5. United Provinces .	84,43,683	85,53,286	86,76,311	83,63,000	83,66,000	84,62,000
6. Punjab . . .	47,13,488	48,11,203	49,74,947	47,45,000	48,39,000	49,35,000
7. Madras . . .	1,11,59,410	1,15,00,743	1,20,17,254	1,20,90,000	1,24,82,000	1,28,27,000
8. Bombay . .	75,05,440	76,26,640	81,16,793	81,78,000	80,70,000	82,36,000
TOTAL INDIA . . ₹	5,02,96,986	5,25,03,025	5,48,02,018	5,51,54,000	5,50,94,000	5,65,95,000
Equivalent in Sterling £	3,353,132	3,500,202	3,653,468	3,676,900	3,672,900	3,773,000
England . . . £	790	1,138	464	700	700	1,300
TOTAL EXPENDITURE £	3,353,922	3,501,340	3,653,932	3,677,600	3,673,600	3,774,300

Statement showing the distribution between Imperial and Provincial of the land revenue shown in the preceding table under 1909-1910 and 1910-1911.

	1909-1910.		1910-1911, Budget.
	Budget.	Revised.	
1. Total divided revenue	31,10,81,000	31,72,98,000	31,47,69,000
Imperial.			
2. Imperial share according to the terms of the provincial settlements	16,77,37,000	17,11,72,000	16,95,32,000
3. *Deduct* :—			
(*a*) Fixed recurring assignments from Imperial to Provincial under the terms of the provincial settlements, including permanent additions subsequently made to them	2,96,29,000	3,00,86,000	3,45,24,000
(*b*) Recurring assignments from Provincial to Imperial in connection with the new scheme of taxation	...	...	—12,50,000
(*c*) Assignments in connection with the scheme for the incidence of famine relief expenditure (*vide* para. 54 of Financial Statement for 1907-1908)	37,50,000	37,50,000	37,50,000
(*d*) Non-recurring grants:—			
(*i*) Under the terms of the provincial settlements	7,97,000	7,55,000	7,22,000
(*ii*) in aid of balances	...	74,41,000	...
(*iii*) other items	1,79,000	26,96,000	3,16,000
Total assignments	3,43,55,000	4,47,28,000	3,80,62,000
4. Net Imperial share of Divided Revenue	13,33,82,000	12,64,44,000	13,14,70,000
5. *Add*—Wholly Imperial Revenue	50,11,000	51,47,000	55,62,000
TOTAL	13,83,93,000	13,15,91,000	13,70,32,000
Shown under I.—Land Revenue	12,44,35,000	11,70,29,000	12,24,41,000
„ „ XXIX.—Irrigation	1,39,58,000	1,45,62,000	1,45,91,000
Provincial.			
1. Share of divided revenue	17,76,99,000	19,08,54,000	18,32,99,000
2. Wholly Provincial Revenue	1,35,68,000	1,38,57,000	1,36,95,000
TOTAL	19,12,67,000	20,47,11,000	19,69,94,000
Shown under I.—Land Revenue	18,90,46,000	20,23,52,000	19,46,43,000
„ „ XXIX.—Irrigation	22,21,000	23,59,000	23,51,000

5. The Imperial expenditure shown against "Other Provinces" in the table at page 21 represents the cost of survey and record-of-right operations on a large scale in Bengal and Eastern Bengal and Assam undertaken more for administrative than for fiscal purposes. The expenditure is of a temporary and varying character and was accordingly not considered suitable for inclusion in the *quasi*-permanent financial settlements with the two provinces. Three-fourths of the charges are eventually recovered from landlords and tenants for the protection of whose rights the operations are primarily undertaken; and the recoveries are shown in the table as Imperial revenue against "Other Provinces."

REVENUE.

(*a*) *Wholly Imperial.*

6. The latest estimate for the current year is R1·36 lakhs better than the Budget forecast, owing mainly to larger collection of famine arrears in Ajmer-Merwara, where an excellent *rabi* harvest has been gathered, and to the introduction of revised settlement rates in the Quetta *tahsil* in Baluchistan. The Budget Estimate for 1910-1911 is R4·15 lakhs higher than the Revised for the current year—a reduction in the collections in the minor administrations owing to the absence of famine arrears being more than counterbalanced by larger recoveries of survey and settlement expenditure in Bengal and Eastern Bengal and Assam. *Revised, 1909-1910.* *Budget, 1910-1911.*

(*b*) *Divided and wholly Provincial.*

7. The total collections in 1909-1910 are expected to exceed the Budget estimate by R65·06 lakhs. The largest increase takes place in Burma (22·42 lakhs) where a substantial improvement is likely to occur in the Ordinary revenue, owing to an extension of cultivation and an excellent rice crop, as well as in the Petroleum revenue in consequence of activity in the Yenang-yaung oil-fields. In Bengal, United Provinces and Bombay the excellent agricultural prospects of the year have permitted a higher collection of famine arrears than was provided for in the Budget. Part of the improvement in the Punjab is due to the same reason, but a greater portion of it has been caused by purchases of proprietary rights in the Chenab Canal colony which were not foreseen when the Budget was framed. In Madras also, higher realisation of arrears and the introduction of re-settlement rates in certain districts have contributed to a small improvement over the Budget Estimate: the improvement would have been greater but for the unfavourable character of the north-east monsoon which has necessitated larger season remissions. It is in the Central Provinces alone that any material decrease from the Budget Estimate is likely to take place, as it seems probable from the progress of collections that the provision made in the Budget for the recovery of arrears will prove over-sanguine. *Revised, 1909-1910.*

8. The total Budget for next year is R26·91 lakhs less than the Revised Estimate for 1909-1910. In Bengal, the United Provinces, Punjab and Bombay any normal growth in the revenue is more than counterbalanced by the heavy receipts of famine arrears during the current year. In the Central Provinces and Eastern Bengal and Assam, the normal growth in the revenue next year is likely to somewhat exceed the decrease in the collection of arrears. But it is only in Burma and Madras, which were immune from the recent famine, that any material improvement over the current year's collections is expected in 1910-1911. *Budget, 1910-1911.*

(*c*) *Adjustments between Imperial and Provincial.*

9. The table at page 22 shows the amount of Land Revenue assigned for Provincial expenditure in the two years. The increase of R4·57 lakhs in 1909-1910 over the Budget estimate in the recurring grants given under the terms of the settlements or for special purposes is mainly caused by an assignment of R4·92 lakhs made to the United Provinces under the terms of its provincial settlement in connection with the reduction in certain irrigation rates.

The further increase of R44·38 lakhs in 1910-1911 is chiefly made up as follows: —

1. Increase in assignment to Eastern Bengal and Assam under the terms of its new provincial settlement . . .	38·24 lakhs.
2. Payment to Bengal of the final instalment of its share of the Imperial grant-in-aid of police reforms with reference to the accepted recommendations of the Police Commission	3·17 „
3. Payment to Madras of a portion of the Imperial contribution promised in its provincial settlement in connection with the scheme for the reconstitution of districts . . .	2·00 „
TOTAL .	43·41 „

The remainder of the variations in the two years consist of miscellaneous adjustments in several provinces.

10. The reasons for the recovery of contributions aggregating R12½ lakhs from the several Provincial Governments in connection with the financial arrangements for 1910-1911 is that the increased taxation credited to "divided" heads has to be wholly appropriated to Imperial revenues. The distribution of the total sum is given below :

	R
Central Provinces	14,000
Burma	1,35,000
Eastern Bengal and Assam	20,000
Bengal	3,89,000
United Provinces	1,22,000
Punjab	86,000
Madras	1,21,000
Bombay	3,63,000
TOTAL .	12,50,000

11. The non-recurring grants given in the two years under the terms of the settlements represent the contributions required by the United Provinces and the Punjab to bring their net Irrigation revenue up to the amounts guaranteed in their provincial settlements. The Government of India have made subventions to the Central Provinces, Bengal and Eastern Bengal and Assam, partly to restore a normal scale of expenditure on civil works, and partly to raise their closing balances in 1910-11 to the prescribed minima. The distribution of the total sum of 74·41 lakhs is as follows:

Central Provinces	7·09 lakhs.
Eastern Bengal and Assam	36·90 „
Bengal	30·42 „
	74·41 „

12. The variation between the Revised and the Budget estimates of the current year under miscellaneous grants is mainly due to the following special assignments :

(1) Contribution towards the Rangoon river training scheme	15·00 lakhs.
(2) Contribution towards the improvement of the Chittagong port	5·50 „
(3) Grants to Provincial Governments in aid of University and collegiate education, against provision made for this purpose in the Imperial Budget under Education expenditure	3·15 „
(4) Grant to the United Provinces for tank restoration works out of the special provision made in the Imperial Budget under Minor Irrigation works for improvement of irrigation	2·00 „
	25·65

Item (2) is subject to the Secretary of State's sanction, which has not yet been obtained. The miscellaneous grants in 1910-1911 represent almost wholly the grants-in-aid of University and collegiate education which it is proposed to continue for three more years.

EXPENDITURE.

(*a*) *Wholly Imperial.*

13. The saving of R1·5 lakhs in the Budget grant for 1909-1910 is chiefly due to lapses in the provision for survey and settlement expenditure in Bengal and Eastern Bengal and Assam. The increase of R3·19 lakhs in the Budget Estimate for 1910-1911 over the Revised for the current year also occurs mainly in this item of expenditure and is partly counterbalanced by a decrease in Ajmer-Merwara where the recent survey and settlement operations have terminated. *Revised, 1909-1910.* *Budget, 1910-1911.*

(*b*) *Divided and Provincial.*

14. The total expenditure in 1909-1910 exceeds the Budget Estimate by R·9 lakh. In Madras and the Punjab, the Budget grants are likely to prove insufficient to meet the sanctioned expenditure, while in Burma an increase in the collection charges has followed the large improvement in the revenue. These excesses have, however, been almost wholly counterbalanced by lapses in grants in the other provinces. *Revised, 1909-1910.*

15. The total Budget Estimate for next year is R11·82 lakhs higher than the Revised Estimate for 1909-1910—the increase being distributed over all the provinces. The principal increases occur in Madras and in Bengal. Provision has been made in the former province for the constitution of additional districts and for an extended programme of survey and settlement operations; in the latter full provision has been made for the scheme for the improvement of the pay of ministerial officers recently sanctioned by the Secretary of State. The increase of R1·08 lakh in the Central Provinces mainly represents provision for a scheme for the re-organisation of the Commission and for certain necessary reforms in connection with the subordinate Land Records establishments. *Budget, 1910-1911.*

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II AND 4.—OPIUM.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
INDIA.						
Revenue—						
Bengal—Sale of Opium	7,34,32,575	6,60,29,825	6,35,16,675	5,71,05,000	6,81,30,000	6,57,30,000
Bombay—Pass Fees	82,75,200	93,07,200	2,09,81,700	52,00,000	1,07,76,000	...
Excise Opium and other Revenue	32,00,147	33,37,761	37,73,449	39,35,000	39,28,000	40,29,000
TOTAL ₹	8,49,07,922	7,86,74,786	8,82,71,824	6,62,40,000	8,28,34,000	6,97,59,000
Equivalent in Sterling	5,660,528	5,244,986	5,884,788	4,416,000	5,522,300	4,650,600
Expenditure—						
Payments to Cultivators, including purchase of Opium	2,61,60,116	2,25,58,149	1,62,93,113	1,41,50,000	1,45,72,000	1,45,00,000
Other Charges	25,14,101	24,57,332	22,31,332	22,08,000	19,76,000	19,46,000
TOTAL INDIA ₹	2,86,74,217	2,50,15,481	1,85,24,445	1,63,58,000	1,65,48,000	1,64,46,000
Equivalent in Sterling	1,911,615	1,667,699	1,234,963	1,090,500	1,103,200	1,096,400
ENGLAND.						
Other Charges £	1,677	1,742	1,125	900	900	500
TOTAL £	1,913,292	1,669,441	1,236,088	1,091,400	1,104,100	1,096,900
Statistics—						
Bengal—						
Chests sold	52,800	48,900	45,900	42,300	42,300	37,560
Average price	₹1,391	₹1,350	₹1,384	₹1,350	₹1,610	₹1,750
Chests produced	48,750	38,126	40,001	...	28,125	28,000
Chests in Balance, March 31	72,013	61,239	55,333	...	41,158	31,598
Reserve, December 31	36,463	34,807	26,132	27,407	27,407	16,958
Bombay—						
Chests passed for export	13,792	15,512	34,969½	8,700	17,960	...
Rate of duty	₹600	₹600	₹600	₹600	₹600	...

REVENUE.

(*i*) *Bengal Opium.*

Revised, 1909-1910.

16. In the Budget estimates for the current year the average price to be obtained at the sales of Bengal opium was taken at R1,350 a chest. The year opened badly, the average price obtained at the April sales amounting to only R1,166, and though there was a sharp improvement to R1,366 in May, it was followed by a decline in the next two months. Since August, however, there has been a steady increase, and in the October sales the average price rose to R1,439. The course of prices since then has been unprecedented. Owing apparently to a depletion in the stocks of opium in China and the unquestionable evidence that India was seriously reducing its supply, there has been a marked rise in the price of the drug in China and this has resulted in an increased competition to secure the limited number of chests offered for sale in Calcutta. The average sale-price per chest jumped up to R1,800 in November, to R2,044 in January and nearly touched R2,400 in February. As a result, the revenue from this source is likely to exceed the Budget estimate by no less than R110·25 lakhs.

Budget, 1910-1911.

17. During 1910-1911 it is intended to sell 37,560 chests of Bengal opium, *viz.*, 3,300 chests every month in the last three quarters of the current calendar year, reduced to 2,620 chests a month in the first quarter of 1911. Judging by the continuance of high prices in the China markets, we anticipate that it will be possible to obtain next year an average sale price of R1,750 per chest. The

figure is as usual speculative ; but it is reasonable to believe that considerable time must elapse before the demand can adjust itself to the reduced supply and in the meanwhile a high level of prices will, in all probability, be maintained.

(*ii*) *Malwa Opium.*

18. As regards Malwa Opium, the Budget estimate of the current year was framed on the assumption that, as soon as the year's crop had been gathered, the imports from Malwa would re-commence with a view to secure priority of export in 1910 and subsequent years; and credit was taken for duty on the full number of chests (*viz.*, 8,700) for which warehouse accommodation was likely to be available in Bombay. The duty actually received has amounted to R107·76 lakhs. Against this, claims of refund to the extent of R1·8 lakhs have, however, been already admitted ; and it is possible that a further sum of R15 lakhs will be eventually refunded as the Government of India do not at present give a guarantee that any opium on which duty has been already paid will be allowed priority of shipment after 1911. The necessary provision has been made under Refunds and Drawbacks (*vide* paragraph 53 below). *Revised, 1909-1910.*

19. No provision has been made in the Budget estimates for 1910-1911 for any revenue from this source, as duty has already been received on all the opium which can be exported during the financial year. *Budget, 1910-1911.*

(*c*) *Excise opium and other revenue.*

20. Under this head the Revised estimate for 1909-1910 does not materially differ from the Budget figure. The Budget estimate for 1910-1911 provides for the normal annual growth. *Revised, 1909-1910.* *Budget, 1910-1911.*

EXPENDITURE.

21. The Revised estimate of expenditure in the current year is expected to exceed the Budget provision by R1·9 lakhs—an excess of R4·22 lakhs under "Payments to cultivators," caused by an improvement in the outturn of the crop of 1909, being partly counterbalanced by savings in the grants for the establishment and other charges of the opium agencies. *Revised, 1909-1910.*

22. In 1910-1911 provision has been made for about the same scale of expenditure as in the current year. The outturn of the crop now in the ground is expected to be the same as that of last year, and it is doubtful, having regard to the large diminution in the stock of opium held in reserve, whether a substantial reduction in the cultivation will be possible next year. *Budget, 1910-1911.*

III AND 5.—SALT.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
REVENUE.						
Northern India (*a*) .	1,46,41,087	1,12,53,267	1,12,44,476	1,13,50,000	1,14,75,000	1,16,50,000
Burma (*b*) . . .	17,30,510	18,69,528	18,90,109	20,00,000	20,24,000	20,50,000
Eastern Bengal (*b*) .	19,51,587	14,63,247	14,76,151	15,00,000	13,50,000	14,25,000
Bengal (*b*) . . .	1,60,88,611	1,07,88,894	1,12,46,304	1,04,00,000	1,15,50,000	1,18,00,000
Madras (*a*) . .	1,43,38,019	1,22,52,898	1,06,20,404	1,14,50,000	1,06,50,000	1,07,00,000
Bombay (*a*) . .	1,66,90,777	1,24,56,986	1,26,64,943	1,31,00,000	1,25,50,000	1,28,50,000
TOTAL ₹	6,54,40,591	5,00,84,820	4,91,42,387	4,98,00,000	4,95,99,000	5,04,75,000
Equivalent in Sterling £	4,362,706	3,338,988	3,276,159	3,320,000	3,306,600	3,365,000
CHARGES.						
Establishment charges .	44,55,155	45,12,685	40,31,601	41,58,000	39,77,000	41,81,000
Cost of Salt purchased by Government .	9,91,631	9,33,354	10,91,290	12,20,000	9,70,000	11,87,000
Total India ₹	54,46,786	54,46,039	51,22,891	53,78,000	49,47,000	53,68,000
Equivalent in Sterling £	363,119	363,069	341,526	358,500	329,800	357,900
England . . £	1,370	415	1,582	300	500	100
TOTAL £	364,489	363,484	343,108	358,800	330,300	358,000
Total Consumption Mds.	4,30,86,000	4,43,90,000	4,54,10,000	4,67,20,000	4,56,27,000	4,64,66,000

(*a*) Chiefly excise on local manufacture. (*b*) Chiefly duty on imported salt.

REVENUE.

Revised, 1909-1910. 23. The consumption declined materially during the first half of the year, mainly in Northern India and Bombay. A recovery has, however, taken place in the last four months, and it is now expected that the total consumption during the year will be slightly in excess of that in 1908-1909, but 10·93 lakhs of maunds below the Budget forecast. With a duty of Re. 1 per maund, this would have resulted in a decrease of ₹10·93 lakhs in the Budget estimate of revenue. The allowance made in the Budget for the postponement of revenue collections involved in the extension of the credit system of payment of duty to Bengal and other provinces has, however, proved too large; and the actual shortage in revenue is likely to amount to ₹2·01 lakhs only.

Budget, 1910-1911. In 1910-1911 an increase of 8·39 lakhs of maunds in the consumption and of ₹8·76 lakhs in the revenue (inclusive of the miscellaneous receipts) is anticipated.

EXPENDITURE.

Revised, 1909-1910. 24. Of the lapse of ₹4·31 lakhs in the current year's Budget grant, ₹2·5 lakhs occur under "Cost of Salt purchased by Government" in Madras and is caused by the season being unfavourable for salt manufacture. The balance represents savings in establishment charges arising mainly out of the non-utilisation of the provisions for steamers for Cuttack and Midnapur, for the acquisition of land for new salt works at Bhandup and for the revision of certain preventive and clerical establishments in Bombay. The Budget estimate for 1910-1911 provides for these items of expenditure as well as for the revision of the combined salt and excise establishments in Madras; a normal provision has also been made under "Cost of Salt purchased by Government."

Budget, 1910-1911.

IV AND 6.—STAMPS.

REVENUE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General	3,79,972	4,16,430	4,61,739	4,83,000	4,22,000	4,51,000
2. North-West Frontier	4,21,659	4,67,026	4,86,447	5,10,000	5,21,000	5,47,000
Divided.						
1. Central Provinces	24,60,477	27,57,538	29,92,479	28,40,000	32,60,000	34,24,000
2. Burma	39,76,661	40,34,290	37,76,057	41,00,000	36,50,000	39,78,000
3. Eastern Bengal and Assam	90,68,715	96,38,879	99,39,968	1,03,00,000	1,01,50,000	1,05,40,000
4. Bengal	1,47,06,698	1,55,88,275	1,55,99,838	1,65,00,000	1,56,00,000	1,68,26,000
5. United Provinces	92,21,308	97,46,212	99,80,385	1,00,00,000	1,10,00,000	1,05,50,000
6. Punjab	40,48,379	42,79,295	46,81,393	40,60,000	49,50,000	54,18,000
7. Madras	99,02,885	1,04,91,693	1,08,22,572	1,12,25,000	1,14,40,000	1,19,12,000
8. Bombay	62,61,861	64,45,101	64,21,462	65,00,000	72,80,000	77,02,000
TOTAL REVENUE ₹	6,04,48,615	6,38,94,739	6,51,62,340	6,71,18,000	6,82,73,000	7,13,48,000
Distribution of Total Revenue :—						
Court Fees and Plain Paper	4,02,37,343	4,22,06,739	4,35,90,056	4,49,75,000	4,63,62,000	4,74,55,000
Commercial and other Stamps	1,93,96,930	2,06,79,877	2,07,26,096	2,14,03,000	2,10,90,000	2,29,74,000
Other Revenue	8,14,342	10,08,123	8,46,188	7,40,000	8,21,000	9,19,000
Equivalent of total revenue in Sterling £	4,029,908	4,259,649	4,344,156	4,474,500	4,551,500	4,756,500

EXPENDITURE.

Imperial.						
1. India General :—						
(*i*) Superintendence and other charges	63,445	67,725	73,476	67,000	66,000	67,000
(*ii*) Credits for value of stamps supplied to Local Governments and administrations and to the Postal and Telegraph Departments	(*a*) —7,69,885	—17,19,168	—16,69,340	—18,31,000	—18,55,000	—18,76,000
2. North-West Frontier	17,458	18,334	20,467	18,000	21,000	21,000
Divided.						
1. Central Provinces	1,08,172	1,15,673	1,19,549	1,25,000	1,33,000	1,40,000
2. Burma	1,12,484	1,16,606	1,10,650	1,43,000	1,13,000	1,21,000
3. Eastern Bengal and Assam	3,81,198	4,20,820	4,14,961	4,45,000	4,56,000	4,64,000
4. Bengal	4,08,020	4,09,954	4,62,388	5,05,000	4,70,000	5,04,000
5. United Provinces	2,28,863	2,68,609	2,40,879	2,56,000	2,94,000	2,58,000
6. Punjab	1,50,716	1,59,557	1,61,660	1,63,000	1,76,000	1,85,000
7. Madras	3,78,846	3,98,958	4,04,320	4,03,000	4,18,000	4,19,000
8. Bombay	2,10,181	2,20,371	2,21,554	2,32,000	2,27,000	2,32,000
Total India ₹	12,89,498	4,77,439	5,60,564	5,26,000	5,19,000	5,35,000
Equivalent in Sterling £	85,966	31,829	37,371	35,100	34,600	35,700
England £	100,300	107,280	136,667	106,800	106,800	75,000
TOTAL EXPENDITURE £	186,266	139,109	174,038	141,900	141,400	110,700

(*a*) Credits for value of stamps supplied only to Local Governments and Administrations.

REVENUE.

(*a*) *Wholly Imperial.*

Revised, 1909-1910. *Budget, 1910-1911.*

25. The decrease in the Revised estimates of the current year as compared with the Budget occurs mainly in Ajmer-Merwara and is attributed to diminished litigation. The Budget estimate for 1910-11 provides for a small normal growth in the revenue.

(*b*) *Divided.*

Revised, 1909-1910.

26. The Revised estimate for 1909-1910 exceeds the Budget by R12·05 lakhs. Increased litigation and commercial activity, consequent on the return of prosperous agricultural conditions, have enhanced beyond expectation the receipts in all the provinces afflicted by the recent famine (*viz.*, the Central and the United Provinces, the Punjab and Bombay), the revenue in Bombay being also swelled to some extent by large receipts of probate duty. In Madras too, the allowance made in the Budget for growth in revenue has been somewhat exceeded. On the other hand, the continuance of famine conditions in the first half of the year in certain portions of the two Bengals seems to have interfered with the growth of revenue anticipated in the Budget, while in Burma the commercial depression which followed the collapse of the land boom appears to have continued during the year and has been responsible for a further decline in the stamp revenue.

Budget, 1910-1911.

27. In 1909-1910 the revenue has been taken at R30·2 lakhs higher than in the current year. Of this R20 lakhs represent the proceeds of enhanced taxation which it has been decided to impose in order to avoid a deficit. The taxation takes the form of raising the present duties levied on (*a*) debentures, (*b*) share warrants to bearer, (*c*) transfers of shares and debentures, (*d*) agreements or memoranda of agreements relating to the sale of shares and securities, (*e*) bills of exchange, and (*f*) probate. The estimate of the extra revenue to be realized in this manner from the Provinces is distributed as follows :—

	R
Central Provinces	·24 lakhs
Burma	1·78 „
Eastern Bengal and Assam	·40 „
Bengal	7·26 „
United Provinces	1·00 „
Punjab	·68 „
Madras	1·62 „
Bombay	7·02 „
Total	20·00

Apart from this special increase, allowance has been made for a normal growth in revenue in all the provinces, with the exception of the United Provinces and Bombay where it is not considered safe to count on a repetition of the abnormally high revenue of the current year.

EXPENDITURE.

28. The fluctuations between the Revised and the Budget estimates for the current year, and between the latter and the Budget estimates for 1910-1911, are unimportant, both in the case of the wholly Imperial and the divided expenditure, and do not call for any remarks. The decrease in expenditure in England in 1910-1911 is due to a smaller supply of post-cards, the consumption of which has fallen off owing probably to a more extensive use of post-cards of private manufacture. It may be explained that the cost of all stamps and stamp paper supplied from England is charged under this head, and an adjustment is made in India transferring to Post office and Telegraph the cost of stamps used for postal and telegraph purposes. Similarly the cost of revenue stamps supplied to Local Governments and Administrations is debited to them in the Provincial section of the accounts by *per contra* credit in the Imperial section under this head.

V AND 7.—EXCISE.

REVENUE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1 India General	12,11,785	15,15,359	15,76,540	16,27,000	16,08,000	16,50,000
2. North-West Frontier	2,24,797	2,59,700	2,86,548	3,20,000	3,30,000	3,00,000
Divided.						
1. Central Provinces	83,24,568	72,99,056	66,15,846	80,00,000	68,00,000	75,04,000
2. Burma	76,64,986	78,57,175	77,18,814	79,50,000	76,50,000	79,02,000
3. Eastern Bengal and Assam	63,73,582	67,88,580	70,35,670	74,08,000	72,24,000	75,00,000
4. Bengal	1,60,81,392	1,70,77,699	1,70,01,004	1,79,00,000	1,67,50,000	1,70,52,000
5. United Provinces	92,05,779	89,34,549	85,62,248	95,75,000	89,50,000	96,04,000
6. Punjab	39,89,919	42,15,327	47,59,938	50,50,000	44,50,000	47,04,000
7. Madras	2,05,60,146	2,30,71,102	2,54,42,443	2,65,00,000	2,70,80,000	2,81,60,000
8. Bombay	1,48,30,335	1,63,86,607	1,68,45,300	1,74,00,000	1,72,00,000	1,74,24,000
TOTAL REVENUE R	8,84,73,289	9,34,05,154	9,58,44,411	10,17,30,000	9,80,42,000	10,18,00,000
Equivalent in Sterling £	5,898,219	6,227,010	6,389,628	6,782,000	6,536,200	6,786,700

EXPENDITURE.

Imperial.						
1. India General	91,923	1,46,978	1,94,590	1,98,000	1,54,000	1,72,000
2. North-West Frontier	7,639	7,699	8,176	9,000	9,000	18,000
Divided.						
1. Central Provinces	2,38,144	2,68,385	2,80,480	3,10,000	2,83,000	3,24,000
2. Burma	11,18,880	11,10,881	11,92,508	11,82,000	12,40,000	13,66,000
3. Eastern Bengal and Assam	2,00,192	2,28,203	2,77,319	3,02,000	2,87,000	2,98,000
4. Bengal	7,43,120	7,73,049	7,85,537	8,30,000	8,44,000	8,83,000
5. United Provinces	1,00,877	1,64,584	2,05,253	2,60,000	3,19,000	3,64,000
6. Punjab	70,689	69,830	74,291	1,40,000	72,000	1,64,000
7. Madras	10,08,771	10,19,638	18,19,223	17,84,000	18,11,000	18,89,000
8. Bombay	5,37,698	6,50,761	10,18,665	9,80,000	9,60,000	9,96,000
Total India R	41,17,933	44,40,008	58,56,042	59,95,000	59,79,000	64,74,000
Equivalent in Sterling £	274,529	296,000	390,403	399,700	398,600	431,600
England £	80	94	149	100	500	100
TOTAL EXPENDITURE £	274,609	296,094	390,552	399,800	399,100	431,700

REVENUE.

(a) *Wholly Imperial.*

29. The Revised estimate for the current year does not differ materially from the Budget. In 1910-1911 provision has been made for a normal growth in revenue; but this is counterbalanced to some extent by a decrease in the transit duty levied on opium brought into the North-West Frontier Province from Afghanistan, the imports of which are not expected to be as high in 1910-1911 as in the current year. *Revised, 1909-1910. Budget, 1910-1911.*

(*b*) *Divided.*

Revised, 1909-1910. 30. The Budget of the current year provided for a substantial increase in the excise revenue in all the provinces as a result of the return of normal agricultural conditions, as well as of the measures taken, with reference to the accepted recommendations of the Excise Committee, towards improved control, the supply of a purer liquor and the continued substitution of licit for illicit consumption. The large advance anticipated has not, however, been realised in any province with the exception of Madras and the total Revised estimate is R36·79 lakhs below the Budget provision. It is probable that the continuance of high prices during a greater portion of the year has again kept down the excise revenue; while in some provinces the measures of reform introduced appear to have led to cautious bids for licenses for retail vend. In the Central Provinces and Bombay there has also been an active temperance propaganda at work; and in Burma, insufficient allowance was made in the Budget for the loss of revenue likely to arise from the restriction of issues of opium to the probable needs of consumers and their estimated means. In Madras alone does an improvement occur over the Budget estimate, the growth in revenue having again exceeded anticipation.

Budget, 1910-1911. 31. The estimate for next year is taken at R37·46 lakhs higher than the Revised estimate for 1909-1910. Credit has been taken for a moderate normal growth of R32·46 lakhs in the revenue; and an additional R5 lakhs are expected to be obtained from the enhancement in taxation which Local Governments will enforce as a corollary to the increased tariff rates on beer and spirits; the amount being distributed as shown below:—

	R
Central Provinces	·04 lakhs.
Burma	·92 „
Bengal	·52 „
United Provinces	1·44 „
Punjab	1·04 „
Madras	·80 „
Bombay	·24 „
	5·00 „

EXPENDITURE.

32. There is no material variation between the Revised and the Budget estimates for the current year in any province. The total grant for next year is R4·95 lakhs higher than the Revised estimate for 1909-1910; provision has been made in almost every province for re-organisation of establishments or other fresh expenditure necessitated by the measures of reform referred to in paragraph 30.

VI and 8.—PROVINCIAL RATES.

REVENUE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General	6,870	9,989	52,694	25,000	28,000	10,000
2. North-West Frontier	25,066	2,382	9,074	4,000	4,000	4,000
Provincial.						
1. Eastern Bengal and Assam.	16,12,023	16,99,091	16,66,296	17,52,000	17,10,000	17,35,000
2. Bengal	36,18,246	37,78,438	38,10,886	38,16,000	40,35,000	39,75,000
3. United Provinces	23,93,430	23,56,753	24,27,840	23,98,000	23,85,000	23,95,000
4. Punjab	94,429	40,788	37,131	23,000	33,000	25,000
TOTAL REVENUE R	77,50,070	78,87,441	80,03,921	80,18,000	81,95,000	81,44,000
Equivalent in Sterling £	516,671	525,829	533,595	534,500	546,300	542,900

EXPENDITURE.

Imperial.						
1. North-West Frontier	142	...	...	...	...	...
Provincial.						
1. Eastern Bengal and Assam.	10,353	25,767	24,332	43,000	30,000	34,000
2. Bengal	55,784	45,282	41,429	50,000	46,000	64,000
TOTAL EXPENDITURE R	66,279	71,049	65,761	93,000	76,000	98,000
Equivalent in Sterling £	4,419	4,737	4,384	6,200	5,100	6,500

REVENUE.

(*a*) *Imperial.*

33. The Revised estimate for the current year is practically the same as the Budget. In 1910-11 allowance has been made for a falling-off in the cess levied in Indore on Malwa opium in transit to Bombay, as it is uncertain to what extent passes will be issued next year.

(*b*) *Provincial.*

34. An improvement of R2·19 lakhs has taken place in Bengal over the Budget of the current year, owing to the introduction of revaluation rates in the Santhal Parganas and the collection of arrears; otherwise there is no important variation between the Budget and the Revised estimates of the current year, or between the latter and the Budget estimate for 1910-11.

EXPENDITURE.

35. The figures show little variation and call for no remarks.

VII AND 9.—CUSTOMS.

SEA CUSTOMS.	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910 Budget.	1909-1910 Revised.	1910-1911, Budget.
IMPORTS.						
Special Import Duties.						
Arms, Ammunition, and Military Stores	4,45,734	5,55,085	5,21,748	5,50,000	5,00,000	5,00,000
Liquors—						
Ale, Beer, Porter, Cider and other fermented Liquors	3,08,967	3,84,919	5,27,530	5,60,000	5,20,000	6,75,000
Spirits and Liqueurs	77,97,711	92,05,851	95,26,877	97,50,000	94,66,000	1,11,50,000
Wines	3,83,569	3,99,539	3,96,696	4,00,000	3,90,000	5,75,000
Opium	3,437	3,885	2,850	5,000	4,000	4,000
Petroleum	37,77,333	44,63,528	53,26,730	52,50,000	47,50,000	63,25,000
Sugar (countervailing duties, 1899)	805	405	405	...	...	...
Do. (do., 1902)	399	106	510	...	...	...
General Import Duties.						
Articles of Food and Drink (excluding Sugar)	19,86,187	24,78,924	26,07,550	27,50,000	24,25,000	25,00,000
Sugar (ordinary duties)	43,81,422	44,75,569	51,55,930	50,50,000	55,00,000	56,00,000
Chemicals, Drugs, Medicines and Dyeing and Tanning Materials	15,22,261	18,44,858	16,90,773	17,50,000	19,00,000	15,25,000
Tobacco						63,00,000
Cotton Manufactures	1,29,13,509	1,51,88,934	1,18,12,368	1,20,00,000	1,20,09,000	1,25,00,000
Metals and Manufactures of :—						
Silver, Bullion and Coin	40,79,320	51,70,202	63,64,132	42,50,000	54,11,000	1,00,00,000
Other Metals and Manufactures of Metals	34,51,152	45,63,907	47,05,127	50,00,000	44,50,000	47,00,000
Oils (excluding Petroleum)	1,84,180	2,70,596	1,35,920	2,00,000	1,27,000	1,00,000
Manufactured Articles	84,84,426	97,77,519	94,25,197	97,60,000	92,00,000	95,00,000
Raw Materials and Unmanufactured Articles	11,38,368	14,95,287	16,09,073	17,50,000	15,14,000	16,24,000
TOTAL IMPORTS	5,08,58,780	6,03,39,114	5,98,09,416	5,90,25,000	5,81,66,000	7,35,78,000
EXCISE DUTY ON COTTON GOODS	29,00,695	33,99,717	35,43,778	37,50,000	36,00,000	37,50,000
EXPORT DUTIES—						
Rice	1,05,31,920	1,02,33,682	81,80,598	1,15,00,000	1,02,00,000	1,20,00,000
LAND CUSTOMS AND MISCELLANEOUS	9,83,989	10,94,891	9,50,173	11,06,000	10,64,000	9,46,000
GRAND TOTAL R	6,52,75,384	7,50,67,404	7,24,83,965	7,53,81,000	7,30,30,000	9,02,74,000
Equivalent in Sterling £	4,351,692	5,004,494	4,832,264	5,025,400	4,868,700	6,018,300
Charges R	29,99,434	30,88,036	31,32,958	34,47,000	32,58,000	36,23,000
Equivalent in Sterling £	199,962	2,05,869	208,864	229,800	217,200	241,500
England £	222	609	159	100	400	500
TOTAL £	200,184	206,478	209,023	229,900	217,600	242,000

REVENUE.

Revised, 1909-1910.

36. The Revised estimate for the current year is taken at R23·51 lakhs less than the Budget. No improvement in the total imports of merchandise is likely to take place during the year; and as a result, the import duty under most of the tariff heads will fall short of the Budget estimate. The only important exception is sugar, the imports of which from Java in the first nine months of the current year have been over 30 per cent in excess of those in the corresponding period of 1908-1909. Some improvement is also expected under drugs, medicines and tobacco; while the recovery which has recently taken place in the demand for imported piece-goods will secure the full revenue which was counted upon from this source. As regards silver, the imports have considerably exceeded expectation and the duty is now estimated at R11·61 lakhs higher than the Budget. On the other hand, there will be a shortage of export duty as the diversion of Burma rice to Indian ports has continued to some extent, specially during the earlier months of the year; and an important decrease will also occur in the excise duty on cotton goods owing to the recent stagnation in the Bombay mills.

Budget, 1910-1911.

37. In 1910-1911 provision is made for an increased revenue of R172·44 lakhs under this head. Of this, R145 lakhs represent the yield of the following enhanced duties which it has been decided to levy in order to secure financial equilibrium, *viz.*:—

Beer and wines	50 per cent additional.
Spirits (ordinary)	R9-6-0 per proof gallon, with corresponding rates on liqueurs and perfumed spirits.
Tobacco, unmanufactured	R1-8-0 per lb
„ cigars	„ 2-8-0 „ „
„ cigarettes	„ 2-0-0 „ „ (roughly)
„ other sorts	„ 1-10-0 „
Silver	4 annas per oz.
Petroleum	1½ „ per gallon.

Due allowance has been made for a possible contraction in imports consequent on the enhancement of the duty. The contraction is likely to be greatest immediately after the enhancement is announced and it is for this reason that no benefit from the enhanced duties is expected in 1909-10. A moderate development should take place next year in the import trade in other commodities, chiefly in piece-goods, as well as an improvement in the position of the cotton mills in Bombay. An increase of ₹18 lakhs is also assumed in the export duty on rice as, with the improvement in the agricultural prospects in the two Bengals, the demand for Burma rice in India is sure to be further reduced.

EXPENDITURE.

38. The lapse in the Budget estimate of the current year is caused by the non-utilisation of the provisions for the re-organisation of the appraising establishment and for the purchase of a steam launch in Bengal and by savings in ordinary grants in all the maritime provinces. In 1910-1911 provision has been made for the full scale of sanctioned expenditure and for the re-organisation of appraising and other establishments in Burma, Bengal and Bombay.

VIII AND 10.—ASSESSED TAXES.

REVENUE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General (Civil)	8,64,219	8,83,919	9,15,290	9,18,000	8,92,000	9,14,000
2. North-West Frontier (Civil)	1,24,008	1,28,008	1,29,862	1,35,000	1,35,000	1,38,000
3. Other Provinces (Civil)	43,158	51,873	6,301	12,000	4,000	9,000
4. Non-civil Departments	14,74,530	15,39,340	15,94,042	16,16,000	16,99,000	17,10,000
Divided.						
1. Central Provinces	5,95,913	5,99,900	5,76,666	6,00,000	5,45,000	5,65,000
2. Burma	15,42,501	17,30,309	17,94,884	18,68,000	18,76,000	19,10,000
3. Eastern Bengal and Assam	10,23,551	11,19,945	11,80,591	12,40,000	12,00,000	12,70,000
4. Bengal	48,67,262	51,97,028	56,42,965	58,00,000	55,50,000	59,00,000
5. United Provinces	21,18,329	21,33,587	23,01,793	22,50,000	22,80,000	23,30,000
6. Punjab	13,32,221	13,70,026	14,16,470	14,50,000	15,00,000	15,80,000
7 Madras	27,51,319	29,81,227	29,90,613	30,50,000	31,00,000	32,00,000
8. Bombay	46,19,798	48,21,531	47,51,810	48,38,000	46,96,000	47,96,000
Total Revenue ₹	2,13,50,809	2,25,61,693	2,33,01,287	2,37,77,000	2,34,77,000	2,43,22,000
Equivalent in Sterling £	1,423,787	1,504,113	1,553,419	1,585,200	1,565,100	1,621,500

EXPENDITURE.

Imperial.						
1. India General	1,466	1,456	1,409	2,000	2,000	2,000
2. North-West Frontier	853	865	948	1,000	1,000	1,000
Divided.						
1. Central Provinces	10,317	12,246	10,059	11,000	11,000	11,000
2. Burma	38,267	40,127	38,179	48,000	41,000	43,000
3. Eastern Bengal and Assam	28,570	29,884	34,266	35,000	39,000	40,000
4. Bengal	1,50,230	1,53,061	1,60,003	1,64,000	1,55,000	1,63,000
5. United Provinces	315	271	321	...	...	...
6. Punjab	10,763	10,826	11,507	12,000	11,000	11,000
7. Madras	32,775	34,765	37,656	37,000	40,000	33,000
8. Bombay	83,857	85,149	89,178	97,000	95,000	1,17,000
Total Expenditure ₹	3,57,418	3,68,650	3,83,524	4,07,000	3,95,000	4,21,000
Equivalent in Sterling £	23,828	24,577	25,568	27,100	26,300	28,100

39. The Imperial revenue shown against other provinces represents income-tax levied on surplus profits of railway companies in Bombay; while that shown against non-Civil Departments consists of the amounts deducted from the salaries, etc., of officers belonging to the Postal, Telegraph, Railway, Public Works and Military Services.

REVENUE.

(*a*) *Imperial.*

40. There is no material variation between the Budget and Revised estimates, nor between the latter and the Budget of 1910-1911.

(*b*) *Divided.*

41. The total revenue in the current year is less than the Budget by ₹3·49 lakhs. The more important decreases occur in Bengal and Bombay— the trade depression in 1908 having adversely affected the profits of companies on which the assessments in the current year have been based. The Budget estimates for next year provide for a total improvement of ₹8·04 lakhs. A substantial recovery is expected in Bengal with the return of normal trade conditions; in the other provinces allowance has been made for a normal growth in revenue. *Revised, 1909-1910.* *Budget, 1910-1911.*

EXPENDITURE.

42. The figures show little variation and call for no remarks.

IX AND 11.—FOREST.

REVENUE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General .	8,94,563	6,35,074	4,90,137	6,50,000	5,50,000	6,00,000
2. North-West Frontier	1,83,214	2,38,490	1,22,782	2,72,000	2,40,000	2,00,000
Divided.						
1. Central Provinces .	24,01,159	22,90,128	20,78,162	25,00,000	21,20,000	23,50,000
2. Burma . . .	98,12,535	87,80,262	92,48,634	90,00,000	92,00,000	92,00,000
3. Eastern Bengal and Assam . .	13,20,592	14,30,447	14,46,368	17,02,000	14,78,000	16,08,000
4. Bengal . . .	10,65,859	11,97,650	11,84,845	13,00,000	10,00,000	11,00,000
5. United Provinces .	25,02,664	24,09,745	21,75,406	24,50,000	22,50,000	23,50,000
6. Punjab . . .	16,05,284	14,57,449	12,88,792	12,61,000	10,23,000	11,64,000
7. Madras . . .	32,90,669	38,93,830	38,90,919	40,80,000	41,10,000	42,40,000
8. Bombay . .	34,22,481	36,46,177	35,87,356	37,00,000	38,10,000	37,11,000
TOTAL INDIA R	2,64,99,020	2,59,79,252	2,55,13,401	2,69,15,000	2,57,81,000	2,65,23,000
Equivalent in Sterling £	1,766,601	1,731,950	1,700,894	1,794,300	1,718,700	1,768,200
England . . . £	2,310	660	...	...	...	...
TOTAL REVENUE £	1,768,911	1,732,610	1,700,894	1,794,300	1,718,700	1,768,200

EXPENDITURE.

Imperial.						
1. India General .	7,05,923	6,68,834	6,63,540	7,78,000	6,97,000	7,20,000
2. North-West Frontier	93,650	88,400	81,413	1,20,000	84,000	97,000
Divided.						
1. Central Provinces .	13,42,878	15,83,407	17,53,307	17,30,000	16,20,000	16,50,000
2. Burma . . .	36,93,889	36,74,574	38,18,603	39,85,000	38,71,000	41,20,000
3. Eastern Bengal and Assam . .	7,07,860	8,00,373	8,91,349	10,02,000	10,02,000	10,35,000
4. Bengal . . .	6,32,489	7,13,394	5,83,981	5,87,000	5,81,000	6,65,000
5. United Provinces .	13,00,651	11,94,013	12,22,436	13,26,000	12,45,000	13,32,000
6. Punjab . . .	11,44,403	11,76,696	8,51,627	8,50,000	7,07,000	8,56,000
7. Madras . .	24,80,660	27,80,857	29,17,261	33,00,000	33,20,000	35,60,000
8. Bombay . .	19,90,749	19,55,427	20,43,873	21,06,000	21,37,000	22,01,000
TOTAL INDIA R	1,40,93,152	1,46,35,975	1,48,27,390	1,57,84,000	1,52,64,000	1,62,96,000
Equivalent in Sterling £	939,543	975,732	988,492	1,052,300	1,017,600	1,086,400
England . . £	9,323	4,608	5,666	5,300	5,300	6,500
TOTAL EXPENDITURE £	948,866	980,340	994,158	1,057,600	1,022,900	1,092,900
NET REVENUE £	820,045	752,270	706,736	736,700	695,800	675,300

REVENUE.

(*a*) *Imperial.*

Revised, 1909-1910.

43. The Revised estimate for the current year is less than the Budget by R1·32 lakhs. The revival in the export of Padouk timber from the Andamans has not answered expectations, while the improvement in revenue anticipated in the North-West Frontier Province will not be fully realised. In 1910-1911, a small increase in the receipts from the Andaman forests is almost wholly counterbalanced by a decrease in the Frontier Province, where the current year's revenue includes certain arrear receipts.

Budget, 1910-1911.

(*b*) *Divided.*

44. The total revenue in 1909-1910 falls short of the Budget by no less than R10·02 lakhs. All the provinces except Burma, Madras and Bombay share in this decline. In the Central Provinces, the revenue has been affected by a poor market for grass, firewood and bamboos, by a smaller outturn of timber in certain forests and by the exemption of calves from grazing fees. In the two Bengals, as well as in the United Provinces and the Punjab, the general depression in the timber trade appears to have been mainly responsible for keeping down the receipts; though in the last-named province a portion of the decrease is caused by an adjustment by deduction from receipts of a payment made to the Frontier Province in respect of arrear revenue due to it. Important improvements over the Budget forecast occur in Burma owing to an extension of the purchase contract system, and in Bombay mainly in consequence of a keen competition at the timber sales in certain tracts. *Revised, 1909-1910.*

45. In 1910-1911, a moderate growth of R7·32 lakhs is assumed in the total revenue. All the provinces expect to share in the development, except Bombay where the completion of the clearance of *malki* teak in the Thana forest division will restrict the income. *Budget, 1910-1911.*

EXPENDITURE.

(*a*) *Imperial.*

46. The saving of R1·17 lakhs in the Budget grant for 1909-1910 occurs chiefly in the working expenses of the Andaman and Hazara forests, and in the charges of the Dehra Forest Research Institute owing to vacancies in the appointments of certain Research officers. For next year, provision has been made for the full scale of sanctioned expenditure. *Revised, 1909-1910.* *Budget, 1910-1911.*

(*b*) *Divided.*

47. The lapse of R4·03 lakhs in the Budget provision for the current year is distributed over all the provinces with the exception of Madras and Bombay, where small excesses over the grants are likely to take place. The saving is largest in the Punjab and is mainly caused by the payment to the Frontier Province referred to in paragraph 44 having been adjusted not under the expenditure head but by deduction from receipts. Important savings are also expected in the working expenses of forests, and in the provision for establishment charges in the Central Provinces and Burma. *Revised, 1909-1910.*

48. The Budget Estimate for 1910-1911 is R9·96 lakhs higher than the Revised of the current year. The largest increase occurs in Burma, where full provision has been made for sanctioned establishments and for the re-organisation schemes introduced during the current year, and in Madras where operations for the development of forests are contemplated on a large scale. In Bombay, a lump provision of R2 lakhs has been made for the re-organisation of the subordinate forest establishments, but this is counterbalanced to some extent by smaller expenditure on conservancy and works and on temporary establishments. In the other provinces, provision has been generally made for the normal growth in working expenses and the full sanctioned scale of establishments. Special provision has been made in the Central Provinces for the re-organisation of the provincial forest service; some provision for re-organisation and other fresh expenditure also appears in the Budget of most other provinces. *Budget, 1910-1911.*

X AND 12.—REGISTRATION.

REVENUE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Imperial.						
1. India General	18,405	19,911	21,237	20,000	23,000	22,000
2. North-West Frontier	27,994	33,001	36,928	40,000	40,000	43,000
Provincial.						
1. Central Provinces	2,10,204	2,56,018	2,78,272	2,50,000	3,05,000	3,15,000
2. Burma	2,12,967	2,03,613	1,93,356	2,05,000	1,80,000	2,00,000
3. Eastern Bengal and Assam	8,30,821	9,25,785	9,76,886	10,25,000	9,60,000	10,30,000
4. Bengal	12,25,432	13,46,556	14,26,043	15,50,000	13,80,000	14,87,000
5. United Provinces	4,98,429	5,80,494	5,66,595	5,50,000	6,30,000	5,49,000
6. Punjab	2,73,120	2,76,934	3,13,631	3,17,000	3,34,000	3,44,000
7. Madras	17,43,752	18,92,497	19,47,887	19,75,000	19,50,000	20,15,000
8. Bombay	6,54,907	6,94,859	7,03,210	7,04,000	7,40,000	7,60,000
TOTAL INDIA R.	56,96,031	62,29,668	64,64,045	66,36,000	65,42,000	67,65,000
Equivalent in Sterling £	379,736	415,311	430,936	442,400	436,100	451,000

EXPENDITURE.

Imperial.						
1. India General	6,733	7,167	7,259	7,000	7,000	9,000
2. North-West Frontier	8,046	8,861	9,507	10,000	10,000	10,000
Provincial.						
1. Central Provinces	1,03,103	1,07,890	1,11,433	1,18,000	1,14,000	1,23,000
2. Burma	69,627	76,007	82,127	82,000	83,000	85,000
3. Eastern Bengal and Assam	5,14,969	5,41,660	5,92,316	6,10,000	6,26,000	6,49,000
4. Bengal	6,42,687	7,52,153	8,14,977	8,24,000	7,81,000	8,13,000
5. United Provinces	2,52,553	2,61,476	2,65,888	2,64,000	2,77,000	2,94,000
6. Punjab	1,09,843	1,10,917	1,17,545	1,15,000	1,17,000	1,20,000
7. Madras	9,72,273	10,12,459	11,24,011	11,49,000	11,84,000	12,30,000
8. Bombay	3,11,629	3,26,380	3,52,076	3,62,000	3,68,000	3,90,000
TOTAL INDIA R.	29,91,463	32,04,970	34,77,139	35,41,000	35,67,000	37,23,000
Equivalent in Sterling £	199,431	213,664	231,809	236,100	237,800	248,200

Imperial.

49. The figures of both revenue and expenditure for the two years show little variation and call for no remarks.

Provincial.

Revenue, 1909-1910, and 1910-1911.

50. The total revenue in 1909-1910 does not differ materially from the Budget estimate. There has been a considerable set-back in Bengal, owing probably to the commercial and agricultural depression in the earlier months. But the defects from the Budget estimate in this province, as well as in Eastern Bengal and Assam, Madras and Burma, are counterbalanced to some extent by improved receipts in the provinces recovering from the recent famine. In 1910-1911, a substantial recovery is anticipated in Bengal, while in the United Provinces the rush of litigation in 1909-1910 is not expected to continue; in the other provinces, provision has been made for a normal growth in revenue consequent on the expansion of the operations of the department.

Expenditure, 1909-1910 and 1910-1911.

51. The total expenditure in 1909-1910 is about the same as the Budget estimate. The grant of 1910-1911 includes provision in almost every province for the revision of registration establishments.

XI.—TRIBUTES.

REVENUE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11. Budget.
Imperial.						
1. India General	19,71,436	18,91,451	20,65,519	19,61,000	20,38,000	20,24,000
2. Central Provinces	2,93,537	1,41,437	2,47,623	2,39,000	2,35,000	2,39,000
3. Burma	4,93,242	4,47,196	4,49,600	3,89,000	4,02,000	3,37,000
4. Eastern Bengal and Assam	50,100	50,000	50,200	50,000	50,000	50,000
5. Bengal	33,150	28,675	34,175	34,000	52,000	52,000
6. Punjab	2,76,780	2,76,158	2,84,116	2,77,000	3,78,000	2,77,000
7. Madras	45,07,902	45,07,902	45,07,902	45,08,000	44,97,000	44,97,000
8. Bombay	13,88,643	14,24,976	12,05,407	13,40,000	12,99,000	13,79,000
TOTAL INDIA ₹.	90,14,790	87,67,795	88,44,542	87,98,000	89,51,000	88,55,000
Equivalent in Sterling £	600,986	584,520	589,636	586,500	596,700	590,300

52. The revenue recorded under this head represents tributes received from the protected states, in several cases as a result of exchanges of territory and settlement of claims, and contributions made chiefly in lieu of former obligation to supply or maintain troops. The figures do not show any important fluctuations from year to year except for arrears and their recovery and the levy of fees on succession (*nazarana*) in some cases. Thus the increase of ₹1·53 lakhs over the Budget Estimate of the current year is chiefly due to the recovery of the balance of *nazarana* from the Chief of Mandi; while the absence of this item mainly accounts for the difference between the Budget of 1910-1911 and the Revised of the current year.

1.—REFUNDS AND DRAWBACKS.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General	46,835	39,514	47,411	42,000	46,000	44,000
2. North-West Frontier.	18,865	24,552	37,383	31,000	39,000	32,000
3. Other Provinces	18,44,849	17,04,585	17,27,538	16,10,000	34,11,000	16,79,000
Divided and Provincial.						
1. Central Provinces	87,536	84,948	1,01,607	85,000	1,48,000	87,000
2. Burma	2,72,964	2,45,391	2,41,520	2,46,000	2,06,000	2,26,000
3 Eastern Bengal and Assam	70,701	68,742	92,419	84,000	85,000	90,000
4. Bengal	2,21,372	2,86,107	2,54,146	2,55,000	2,61,000	2,58,000
5. United Provinces	1,90,371	1,72,029	2,84,332	1,88,000	2,39,000	2,09,000
6. Punjab	1,07,283	1,41,956	1,53,521	1,52,000	1,45,000	1,45,000
7. Madras	2,68,090	2,55,283	2,64,373	2,55,000	2,73,000	2,59,000
8. Bombay	5,21,505	6,40,319	7,79,602	5,33,000	6,72,000	6,00,000
TOTAL . R	36,50,371	36,63,426	39,83,858	34,81,000	55,25,000	36,29,000
Equivalent in Sterling £	243,358	244,220	265,591	232,100	368,300	241,900

(*a*) *Imperial.*

Revised, 1909-1910. 53. The wholly Imperial expenditure shown against "Other Provinces" represents refunds and drawbacks in respect of wholly Imperial revenue (*e.g.*, Opium, Salt, Customs and Tributes). Of the increase of ₹18·13 lakhs in 1909-10 over the Budget estimate, ₹16·80 lakhs occur under Opium owing to the reasons explained in paragraph 18; and ₹1·94 lakhs under Customs owing to a special refund in Madras of a deposit for the payment of duty and larger drawbacks in Bombay chiefly on account of arms, cotton manufactures and silver bullion. The absence of these special refunds accounts for the difference between the Revised Estimate of the current year and the Budget of next year.

Budget, 1910-1911.

(*b*) *Divided and Provincial.*

Revised, 1909-1910. 54. The expenditure fluctuates considerably from year to year and is difficult to estimate. In 1909-10 the Budget will be exceeded by ₹2·31 lakhs owing chiefly to special excise refunds in the Central Provinces and Madras.

Budget, 1910-1911. For 1910-11 a normal expenditure has been assumed.

2.—ASSIGNMENTS AND COMPENSATIONS.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General	33,76,745	34,36,485	34,55,861	34,53,000	34,60,000	34,72,000
2. North-West Frontier	20,413	19,778	19,542	20,000	20,000	19,000
3. Other Provinces	36,13,168	34,54,937	35,39,396	35,04,000	35,19,000	35,07,000
Divided and Provincial.						
1. Central Provinces	38,506	36,638	34,018	39,000	37,000	39,000
2. Burma	767	439	400	1,000	1,000	1,000
3. Eastern Bengal and Assam	1,13,165	61,130	1,62,768	1,14,000	1,15,000	1,12,000
4. Bengal	1,38,649	1,26,039	1,33,815	1,41,000	1,32,000	1,40,000
5. United Provinces	2,91,031	3,13,485	2,93,029	3,08,000	2,98,000	3,09,000
6. Punjab	82,703	81,296	77,928	79,000	88,000	81,000
7. Madras	4,98,618	6,17,231	6,18,924	5,39,000	5,67,000	5,41,000
8. Bombay	97,73,043	97,53,911	98,77,865	98,28,000	99,29,000	98,67,000
TOTAL ₹	1,79,46,808	1,79,01,369	1,82,13,546	1,80,26,000	1,81,66,000	1,80,88,000
Equivalent in Sterling £	1,196,454	1,193,425	1,214,236	1,201,700	1,211,100	1,205,900

55. The wholly Imperial expenditure shown against "Other Provinces" represents Opium, Salt and Customs compensations paid to Native States and Foreign Governments, as well as Miscellaneous compensations (*i.e.*, those of a general character and not intended to indemnify against loss of a particular kind of revenue) in provinces other than Bombay. The main reason of the variations between the Budget and Revised estimates of the current year and between the latter and the Budget of next year is the payment in Bombay of certain arrears due to the Akalkot State and to the *Saranjamdars* in the Ahmadnagar district.

XII.—INTEREST RECEIPTS.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. Interest on Imperial loans and advances	46,33,676	44,61,404	44,38,220	44,26,000	42,84,000	42,81,000
2. Profits of Paper Currency Circulation	34,70,420	34,70,420	34,70,420	34,70,000	34,70,000	34,70,000
3. Interest on overdrawn Capital of Railway Companies in India	4,40,290	10,79,580	11,28,037	10,77,000	21,92,000	23,27,000
4. Interest charged to Capital on advances to Railway Companies	...	..	7,86,973	...	4,35,000	5,38,000
5. Miscellaneous items	1,68,723	1,14,600	65,428	48,000	60,000	58,000
TOTAL R	87,13,109	91,26,004	98,89,078	90,21,000	1,04,41,000	1,06,74,000
Provincial.						
1. Central Provinces	87,687	87,520	1,53,823	1,87,000	2,29,000	2,00,000
2. Burma	62,017	93,302	1,20,759	1,11,000	1,11,000	1,13,000
3. Eastern Bengal and Assam	42,431	76,299	1,39,389	1,21,000	1,42,000	1,57,000
4. Bengal	2,62,036	3,49,990	5,21,993	10,90,000	7,12,000	8,53,000
5. United Provinces	5,48,848	6,18,175	13,18,653	16,53,000	17,25,000	14,27,000
6. Punjab	3,05,494	2,85,288	2,84,918	3,08,000	3,48,000	3,01,000
7. Madras	2,93,354	3,32,566	3,33,142	3,76,000	3,68,000	3,83,000
8. Bombay	5,41,438	8,08,313	7,04,311	7,67,000	10,00,000	9,81,000
TOTAL R	21,43,305	26,51,453	35,76,988	46,13,000	46,35,000	44,15,000
TOTAL INDIA R	1,08,56,414	1,17,77,457	1,34,66,066	1,36,34,000	1,50,76,000	1,50,89,000
Equivalent in Sterling £	723,761	785,164	897,737	908,900	1,005,100	1,005,900
ENGLAND.						
1. Profits of Paper Currency Circulation	37,110	37,460	41,982	37,400	37,400	37,400
2. Interest realised from investment of cash balances	211,322	143,133	47,606	72,000	135,000	72,000
TOTAL £	248,432	180,593	89,588	109,400	172,400	109,400
TOTAL RECEIPTS £	972,193	965,757	987,325	1,018,300	1,177,500	1,115,300
Loans and advances outstanding March 31 :—						
1. Imperial	7,725,369	7,389,592	7,002,812	7,065,500	6,885,800	6,951,100
2. Provincial	4,105,702	5,727,531	6,667,808	6,361,100	5,918,800	5,717,900

(*a*) *India—Imperial.*

Revised, 1909-1910. 56. In 1909-1910, the total Budget estimate is now expected to be exceeded by R14·2 lakhs owing chiefly to a larger overdraft of capital by the Bengal Nagpur Railway Company, the recovery of interest (by debit to Capital account) on funds advanced to the Company in India for the construction of new extensions and the recovery of arrears of interest on the cost of rolling stock originally purchased from State funds but eventually transferred to the capital account of

the Indian Midland Railway. On the other hand, there will be some decrease in the interest receivable in respect of Imperial loans and advances, owing to smaller realisation of arrears from Native States in Bombay and to advance payments at the end of 1908-1909 by certain States in Central India and Rajputana. In 1910-1911 there will be some increase in the interest payable from the revenues of the Bengal Nagpur and Indian Midland Railways in respect of overdrafts of capital as well as in that payable from the capital account of the former railway in respect of advances for the construction of new extensions. *Budget, 1910-1911*

(*b*) *India—Provincial.*

57. There is no material difference between the total Revised and the total Budget estimate of the current year; a shortage in the recovery in Bengal, and to a small extent also in Madras, being more than counterbalanced by increased realisations in Bombay and other provinces. In 1910-1911, a large increase is anticipated in Bengal owing to the recovery of arrears, and small increases are also provided in Madras, Eastern Bengal and Assam, and Burma. But there will be a considerable decrease in the United Provinces and decreases of smaller magnitude in the other provinces which are recovering from the recent famine; and the total receipts for all India will be ₹2·2 lakhs less than the Revised estimate of 1909-1910. *Revised, 1909-1910.* *Budget, 1910-1911.*

(*c*) *England.*

58. The interest realised in 1909-1910 from the investment of the cash balances of the Home Treasury of the Government of India exceeds the Budget by £63,000 (₹9·45 lakhs) owing to the sums available for investment being larger and the rate of interest higher than was estimated. The more moderate Budget figure has, however, been repeated as the Budget estimate for 1910-1911. *Revised, 1909-1910.* *Budget, 1910-1911.*

13 AND 14.—INTEREST EXPENDITURE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Interest on Debt other than that charged to Railways—						
Interest on total Debt—						
1. India . . ₹	4,54,96,632	4,61,23,684	4,77,45,440	4,87,00,000	4,88,70,000	4,88,50,000
1. India . . £	3,033,109	3,074,912	3,183,029	3,246,600	3,258,000	3,256,700
2. England . £	4,870,244	4,990,485	5,286,565	5,491,100	5,519,200	5,787,600
Total .	7,903,353	8,065,397	8,469,594	8,737,700	8,777,200	9,044,300
Deduct amounts charged to—						
(*a*) Railways:						
(*i*) India . ₹	*3,78,07,002*	*3,96,67,621*	*4,14,25,434*	*4,25,94,000*	*4,21,26,000*	*4,42,76,000*
(*i*) India . £	*2,520,467*	*2,644,508*	*2,761,696*	*2,839,600*	*2,808,400*	*2,951,800*
(*ii*) England £	*3,027,943*	*3,118,662*	*3,253,052*	*3,357,900*	*3,335,200*	*3,397,100*
Total Railways . £	*5,548,410*	*5,763,170*	*6,014,748*	*6,197,500*	*6,143,600*	*6,348,900*
(*b*) Irrigation:						
(*i*) India . ₹	*1,24,26,488*	*1,30,88,523*	*1,36,25,073*	*1,44,21,000*	*1,43,29,000*	*1,50,84,000*
(*i*) India . £	*828,433*	*872,568*	*908,338*	*961,400*	*955,200*	*1,005,600*
(*ii*) England £	*106,798*	*108,344*	*108,989*	*112,100*	*110,600*	*111,700*
Total Irrigation £	*935,231*	*980,912*	*1,017,327*	*1,073,500*	*1,065,800*	*1,117,300*
Total deduction £	*6,483,641*	*6,744,082*	*7,032,075*	*7,271,000*	*7,209,400*	*7,466,200*
Interest on Ordinary Debt . . £	1,419,712	1,321,315	1,437,519	1,466,700	1,567,800	1,578,100
Distribution of above:						
Imperial . £	1,288,138	1,150,766	1,221,576	1,239,000	1,348,100	1,376,300
Provincial . £	131,574	170,549	215,943	227,700	219,700	201,800
Interest on other Obligations—						
On Savings Bank Balances converted at ₹15 = £1 .	348,359	356,669	364,233	383,100	380,600	411,500
Other items . .	147,813	142,860	165,080	146,800	166,000	153,300
GRAND TOTAL . £	1,915,884	1,820,844	1,966,832	1,996,600	2,114,400	2,142,900
Debt outstanding, March 31—						
Sterling . . .	£ 147,518,634	£ 157,481,074	£ 166,973,369	£ 169,476,674	£ 174,993,569	£ 181,717,369
Rupee Debt—	₹	₹	₹	₹	₹	₹
4 per cent . .	4,03,06,325	3,91,06,825	3,79,06,275	3,67,06,325	3,67,06,275	3,55,06,275
3½ per cent . .	1,14,15,80,600	1,16,65,85,600	1,19,49,77,500	1,22,62,06,600	1,22,63,69,500	1,24,56,65,500
3 per cent . .	11,07,12,100	11,07,12,100	10,00,57,800	9,36,88,100	9,35,15,800	8,85,15,800
Other Debt . .	1,19,51,630	1,18,90,930	1,18,18,930	1,18,30,930	1,17,81,930	1,17,59,930
Savings Bank Balances	17,43,03,812	18,11,39,808	18,39,81,195	19,61,54,808	19,57,68,195	21,14,25,195

INTEREST ON ORDINARY DEBT.

Interest on total debt, 1909-1910.

59. The charges in 1909-1910 for Interest payable on the public debt as a whole are in excess of the Budget by £39,500 (₹5·92 lakhs). The principal variations are: an increase of £29,200 in interest on India Bills, owing to the

rate of discount being higher than was contemplated; and a payment of £14,600 on account of interest on the temporary loan taken from the Gold Standard Reserve during the year (*vide* paragraph 235). In the Budget of 1910-1911 necessary provision has been made for a full year's interest on the sterling loan of £7½ millions and the rupee loan of 2½ crores raised in the current year; for a higher rate of interest on India Bills; for increased sinking fund payments, for the redemption of debt in excess of money raised in connection with the new sterling loan raised in 1909-1910; and for the service of the new rupee loan announced in paragraph 238. *1910-1911.*

60. The amount of interest transferred to the Railway and Irrigation sections of the accounts depends, firstly, on the capital expenditure; and, secondly, on the rate at which interest is charged on that portion of the debt which has not been specifically raised for the construction of railways or irrigation works. Our practice is to adopt for this purpose the average rate of interest actually paid in respect of the whole of the non-specific debt in the latest year for which the final accounts are available. The result is that the rate adopted in calculating the Revised estimate for a year is generally different from that used for the Budget estimate; and this leads to a difference between the two estimates apart from that caused by a variation in the capital expenditure itself. The increase in the amount of interest to be transferred in 1910-1911 over the Revised estimate for 1909-1910 is wholly due to the progress of capital expenditure. *Transfers to Railway and Irrigation Accounts.*

61. A portion of the Interest on Ordinary Debt appears in the Provincial section of the accounts. Provincial Governments are authorised to grant advances to cultivators (as well as to certain other people in special cases) under various Acts, to landholders and notabilities apart from the provisions of any law, and to municipalities and local bodies (other than Presidency Corporations), out of amounts annually placed at their disposal by the Government of India. The interest actually levied on such advances is credited as Provincial revenue. But interest at 3½ per cent. a year is charged to the Local Governments on the mean between the outstanding balances of the Provincial Loan Accounts at the commencement of the year and at its close; and this is done by transferring the amount so calculated from the Imperial to the Provincial section under Interest on Ordinary Debt. The differences between the Budget and the Revised estimates of the amount to be so transferred in the current year, and between the latter and the Budget estimate of 1910-1911, are explained by the reductions in the outstanding balances of the Provincial Loan Account as shown in the table at page 44, which are chiefly due to heavy recovery of *takavi* advances in the provinces recovering from the recent famine. *Transfers to Provincial.*

Interest on other Obligations.

62. The increase of £16,700 (R2·5 lakhs) in 1909-1910 over the Budget estimate is mainly caused by the payment to the revenue account of the Burma Railway Company, under the terms of its contract, of interest on undrawn balances of capital deposited by it. In 1910-1911, the payments on this account will be smaller; but the decrease will be more than counterbalanced by an increase in the interest payable by the Post Office Savings Bank, the deposits in which are expected to grow with returning agricultural prosperity, as well as in that payable on the deposits in the new General Provident Fund for Government servants. *Revised, 1909-1910.* *Budget, 1910-1911.*

XIII AND 15.—POST OFFICE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
REVENUE.						
INDIA.						
1. Sale of postage stamps for postal purposes . .	2,18,70,120	2,26,67,860	2,25,24,263	2,44,09,000	2,36,53,000	2,46,48,000
2. Commission on money orders .	42,01,466	45,22,164	46,61,119	48,50,000	47,30,000	48,30,000
3. Other receipts . .	1,95,600	1,69,959	1,98,918	1,98,000	1,89,000	1,83,000
TOTAL . ₹	2,62,67,186	2,73,59,983	2,73,84,300	2,94,57,000	2,85,72,000	2,96,61,000
Equivalent in Sterling £	1,751,146	1,823,999	1,825,620	1,963,800	1,904,800	1,977,400
EXPENDITURE.	₹	₹	₹	₹	₹	₹
INDIA.						
1. Establisment charges	1,58,02,285	1,72,13,611	1,90,79,541	1,91,39,000	1,94,24,000	1,97,28,000
2. Conveyance of mails	59,67,067	64,23,763	66,21,971	66,69,000	66,65,000	67,28,000
3. Stationery and Printing . . .	10,22,321	11,00,858	10,82,411	11,54,000	10,36,000	10,19,000
4. Cost of stamps and stamp paper . .	...	8,72,438	8,30,657	9,00,000	8,94,000	9,15,000
5. Other items . .	3,12,036	62,429	14,889	00,000	54,000	52,000
TOTAL . ₹	2,31,03,709	2,56,73,099	2,76,29,469	2,79,22,000	2,80,73,000	2,84,42,000
Equivalent in Sterling £	1,540,247	1,711,540	1,841,964	1,861,500	1,871,500	1,896,100
ENGLAND.						
1. Contribution to Eastern mail subsidy .	61,226	60,120	54,588	54,600	54,600	54,600
2. Stores, etc. . .	1,460	1,060	201	500	1,000	500
TOTAL . £	62,686	61,180	54,789	55,100	55,600	55,100
TOTAL OF EXPENDITURE . £	1,602,933	1,772,720	1,896,753	1,916,600	1,927,100	1,951,200
TOTAL NET REVENUE £	148,213	51,279	—71,133	47,200	—22,300	26,200

REVENUE.

Revised, 1909-1910. 63. The Budget estimates for the current year assumed a large growth in the postal revenue, with the return of normal agricultural conditions and the revival in trade. The expectation has not been fully realised and the Revised estimate is now taken at R8·85 lakhs less than the Budget. Trade conditions have not proved quite so good as was anticipated, while insufficient allowance appears to have been made in the Budget for the effect of the reduction in *Budget, 1910-1911.* postal rates introduced from the 1st October 1907. In the Budget of next year, provision has been made for a moderate growth of R10·89 lakhs.

EXPENDITURE.

Revised, 1909-1910. 64. The expenditure in 1909-1910 in India is likely to exceed the Budget grant by R1·51 lakhs. There will be an increase of R2·75 lakhs under grain compensation allowances to low-paid Government servants, but this will be counterbalanced to some extent by savings under stationery and printing charges. The *Budget, 1910-1911.* Budget estimate for 1910-1911 provides for the sanctioned scale of expenditure as well as for the normal development of the operations of the department; allowance has been made for a saving in the cost of audit which is expected to accrue from certain reforms likely to be introduced next year.

XIV AND 16.—TELEGRAPH.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
REVENUE.						
I. INDIAN:						
1. Message Revenue	95,10,317	99,99,248	98,65,661	95,70,000	88,50,000	91,50,000
2. Other Revenue .	28,84,155	30,93,955	32,94,120	31,30,000	32,60,000	32,50,000
TOTAL . ₹	1,23,94,472	1,30,93,203	1,31,59,781	1,27,00,000	1,21,10,000	1,24,00,000
TOTAL . £	826,298	872,880	877,319	846,600	807,400	826,700
II. INDO-EUROPEAN:						
1. Message Revenue	17,54,295	18,04,682	13,93,740	14,62,000	16,33,000	16,85,000
2. Other Revenue .	17,574	20,025	15,538	15,000	22,000	15,000
₹	17,71,869	18,24,707	14,09,278	14,77,000	16,55,000	17,00,000
£	118,125	121,647	93,952	98,500	110,300	113,300
England (mainly Message Revenue). £	8,583	12,270	6,826	5,000	4,200	5,500
TOTAL £	126,708	133,917	100,778	103,500	114,500	118,800
GRAND TOTAL £	953,006	1,006,797	978,097	950,100	921,900	945,500
EXPENDITURE.						
I. INDIAN:						
1. Revenue . £	637,981	709,932	742,338	749,400	784,500	785,900
2. Capital . £	346,360	253,759	195,140	200,600	160,800	191,700
TOTAL . £	984,341	963,691	937,478	950,000	945,300	977,600
II. INDO-EUROPEAN:						
1. Revenue . £	88,785	90,354	80,534	98,000	88,800	95,300
2. Capital . £	30,713	8,891	1,047	10,300	—4,700	13,000
TOTAL	119,498	99,245	81,581	108,300	84,100	108,300
III. Other charges. £	22,366	21,511	9,014	5,000	...	...
GRAND TOTAL £	1,126,205	1,084,447	1,028,073	1,063,300	1,029,400	1,085,900
TOTAL NET REVENUE £	—173,199	—77,650	—49,976	—113,200	—107,500	—140,400

REVENUE.

(a) *Indian.*

65. In framing the Budget estimate of the current year, no allowance was made for the usual growth in revenue which had taken place in recent years, as the effect of the change in the inland tariff which was introduced from the 1st of January 1909 could not be properly gauged. It now appears that this cautious estimate is likely to prove too high by no less than ₹5·9 lakhs. A greater portion of this loss arises from State messages, both the number and the average value of which appear to have decreased during the year, and is made up to Government by savings in the cost of official telegrams. As regards private messages, so far as can be estimated at present, it seems that their average value has somewhat increased after the introduction of the new tariff; and any loss that may take *Revised, 1909-1910.*

place on them during the year will probably be due to a reduction in their number caused by the continuance of the trade depression in the earlier part of the
Budget, 1910-1911. year. For next year a moderate growth of R2·9 lakhs in the revenue is assumed with reference to a possible improvement in trade conditions.

(*b*) *Indo-European.*

Revised, 1909-1910. 66. There is an improvement of R1·65 lakhs in the current year over the
Budget, 1910-1911. Budget estimate, mainly in the message revenue. In 1910-1911 a further small normal growth has been allowed for.

EXPENDITURE.

Revised, 1909-1910. 67. A lapse of R5·09 lakhs is expected in the total Budget grant of the current year, owing chiefly to smaller expenditure on buildings and on purchase of
Budget, 1910-1911. stores for the Indo-European Department. In 1910-1911, provision is made by the Indo-European Department for the construction of a line through Arabistan and for increased expenditure on buildings; and by both Departments for larger purchases of stores in England.

XV AND 17.—MINT.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
REVENUE.						
INDIA.						
1. Percentage chargeable on coinage of new rupees	48,22,589	27,90,113	1,178	...	...	...
2. Profit on circulation of—						
(*a*) Nickel coins	...	17,71,726	11,11,336	13,00,000	12,00,000	11,00,000
(*b*) Bronze coins	12,44,311	17,36,390	...	8,00,000	...	8,50,000
3. Fees for coining dollars, etc.	191	96,299	3,13,117	...	2,52,000	1,00,000
4. Other items	2,24,878	2,64,232	1,14,177	1,16,000	96,000	93,000
TOTAL ₹	62,91,969	66,58,760	15,39,808	22,16,000	15,48,000	21,43,000
TOTAL £	419,465	443,918	102,654	147,700	103,200	142,900
England £	33	...	...	...	...	...
TOTAL £	419,498	443,918	102,654	147,700	103,200	142,900
EXPENDITURE.						
INDIA.						
1. Establishment charges	8,12,268	8,88,959	7,13,287	7,35,000	6,58,000	7,13,000
2. Purchase of stores	2,34,858	3,42,912	1,52,903	1,75,000	1,00,000	1,50,000
3. Loss on Bronze coinage	...	...	10,71,184	...	4,50,000	...
4. Loss on re-coining old silver coins	4,01,991	3,63,014	4,00,913	4,00,000	4,10,000	4,30,000
5. Other coinage losses	5,09,528	3,60,346	83,702	40,000	12,000	14,000
TOTAL ₹	19,58,645	19,55,231	24,21,989	13,50,000	16,30,000	13,07,000
TOTAL £	130,577	130,349	161,466	90,000	1,08,700	87,100
England £	36,321	34,552	30,663	16,000	18,200	5,000
TOTAL £	166,898	164,901	192,129	106,000	126,900	92,100
TOTAL NET REVENUE £	252,600	279,017	—89,475	41,700	—23,700	50,800

REVENUE.

Revised, 1909-1910.

68. The Revised estimate for 1909-1910 is taken at R6·68 lakhs less than the Budget. The return from circulation of bronze coins issued during the last famine has continued during the year, and instead of the profit of 8 lakhs which we anticipated from this source there will be a loss of 4·5 lakhs. The profit on the circulation of nickel coins is also likely to be less than the Budget by a lakh. On the other hand, dollar coinage will yield an unexpected receipt of 2·52 lakhs.

Budget, 1910-1911.

69. In 1910-1911 the Budget is taken at R5·95 lakhs higher than the Revised estimate for the current year. A revival in the demand for bronze coin is expected to yield a profit of 8·5 lakhs, but on the other hand there will be a decrease of a lakh in the profits on nickel coinage and of 1·52 lakhs in the fees charged for the coinage of dollars.

EXPENDITURE.

Revised, 1909-1910.

70. The increase of R2·8 lakhs in the Revised estimate over the Budget of 1909-1910 has been caused by the loss on the circulation of bronze coins mentioned above, counterbalanced to some extent by savings in the establishment charges and in the grant for the purchase of stores.

Budget, 1910-1911.

In 1910-1911 provision has been made for a normal scale of expenditure.

18.—GENERAL ADMINISTRATION.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
INDIA.						
	₹	₹	₹	₹	₹	₹
Imperial.						
1. Cost of the Central Government:						
(i) Salaries and expenses of the Governor-General .	14,25,348	11,46,812	11,08,957	11,87,000	10,76,000	11,27,000
(ii) Executive Council .	4,99,276	4,66,941	4,84,590	4,02,000	4,07,000	4,05,000
(iii) Legislative Council .	78,887	76,165	1,13,326	3,42,000	1,21,000	2,01,000
(iv) Charges of the Secretariats	30,56,155	33,07,789	34,64,060	32,18,000	32,76,000	32,68,000
2. Offices of Account and Audit . .	25,23,015	26,00,959	27,85,580	28,58,000	28,90,000	29,24,000
3. Currency Department and Reserve Treasury . . .	4,13,606	4,78,173	5,65,157	5,60,000	5,73,000	6,01,000
4. Payments to Presidency Banks for treasury and public debt work . .	3,22,421	3,33,809	3,39,630	3,52,000	3,40,000	3,46,000
5. North-West Frontier Administration .	2,70,941	2,70,619	3,13,660	3,20,000	3,12,000	3,38,000
6. Ajmer-Merwara Administration . .	3,789	3,376	2,119	2,000	2,000	2,000
TOTAL .	85,93,438	86,84,643	91,77,085	92,41,000	89,97,000	92,12,000
Provincial.						
1. Central Provinces .	7,68,235	7,65,433	8,18,364	8,76,000	8,71,000	8,83,000
2. Burma . . .	12,30,531	13,58,003	13,88,608	14,72,000	14,28,000	14,85,000
3. Eastern Bengal and Assam . .	10,02,638	11,61,949	12,70,649	12,58,000	12,72,000	13,12,000
4. Bengal . . .	18,41,137	18,73,543	19,06,794	19,10,000	19,19,000	21,02,000
5. United Provinces .	16,41,964	17,09,652	17,43,824	16,61,000	16,38,000	16,81,000
6. Punjab . . .	10,39,913	10,73,920	10,58,945	10,83,000	10,60,000	11,16,000
7. Madras . . .	10,97,289	11,17,101	11,50,585	11,55,000	12,21,000	12,99,000
8. Bombay . .	14,57,266	15,67,072	16,06,731	16,65,000	16,11,000	17,04,000
TOTAL .	1,00,78,973	1,06,26,733	1,09,43,900	1,10,80,000	1,10,20,000	1,15,82,000
TOTAL INDIA .	1,86,72,411	1,93,11,376	2,01,20,985	2,03,21,000	2,00,17,000	2,07,94,000
	£	£	£	£	£	£
Equivalent in Sterling .	1,244,827	1,287,425	1,341,399	1,354,700	1,334,500	1,386,300
ENGLAND.						
1. Cost of the Secretary of State's establishment, etc. .	2,39,292	2,62,375	2,69,264	2,65,200	2,67,000	2,64,700
2. Stores, etc., for India .	40,716	72,343	84,170	47,800	63,200	93,500
TOTAL . £	280,008	334,718	353,434	313,000	330,200	358,200
GRAND TOTAL £	1,524,835	1,622,143	1,694,833	1,667,700	1,664,700	1,744,500

71. The cost of the Civil offices of Account and Audit is Imperial in all the provinces with the exception of the charges of the staff employed in auditing the accounts of municipalities and other local bodies; so is the expenditure of the Currency Department, as well as the payments made to the Presidency Banks for treasury work and for the management of the public debt.

(*a*) *India—Imperial.*

Revised, 1909-1910.

72. The total expenditure in 1909-1910 falls short of the Budget grant by R2·44 lakhs. There is a saving of R2·21 lakhs in the provision made for the enlarged Legislative Council in consequence of too early a date having been assumed for the introduction of the Reform scheme; and of R1·11 lakhs in the provision for the tour and other expenses of the Governor-General. On the other hand, there is an excess of R·68 lakh in the Secretariat charges, owing chiefly to the re-organisation of office establishments and the grant of family travelling allowance recently sanctioned by the Secretary of State; and some excess occurs in the grant for the Civil Account offices owing to the expenditure incurred in Bengal in connection with the removal of the office to the building lately occupied by the Military Accounts Department and the payment of leave allowances to officers in several provinces.

Budget, 1910-1911.

73. The Budget of next year is taken at R2·15 lakhs higher than the Revised estimate for 1909-1910. Full provision has been made for the charges of the enlarged Legislative Council. The provision under the other heads is generally based on the sanctioned scale of expenditure, save that allowance has been made for the normal growth of the cost of audit and for additional establishment required at the Rangoon Currency office.

(*b*) *India—Provincial.*

Revised, 1909-1910.

74. The total expenditure in 1909-1910 does not materially differ from the Budget estimate. Savings are expected in Bombay, mainly owing to the non-utilisation of the provision for the grant of local and house-rent allowances to certain officers and establishments; in Burma, the United Provinces and the Punjab, in consequence of the transfer to other heads of charges for which provision was made in the Budget under this head, as well as of ordinary lapses in grants; and to a small extent in the Central Provinces. But these have been largely counterbalanced by excess expenditure in Madras and in the two Bengals.

Budget, 1910-1911.

75. The Budget of 1910-1911 exceeds the Revised of the current year by R5·62 lakhs. Provision has been made for an additional expenditure of R1·57 lakhs (net) in Bengal in connection with the contemplated constitution of an Executive Council; and of R·66 lakh in Madras, as well as in Bombay, on account of an additional Ordinary Member of the Executive Council. Other general causes of increase in the seven major provinces are full provision for the enlarged Legislative Council, re-organisation and strengthening of Secretariat establishments, and purchase of motor cars for high officials. In the Central Provinces, provision has been made for the sanctioned scale of expenditure, for the undrawn balance of the contract allowance of the Chief Commissioner, as well as for an increase in the salaries of Secretaries and Commissioners with reference to the proposed re-organisation of the Central Provinces and Berar Commissions.

(*c*) *England.*

76. The increase over the Budget estimate in 1909-1910 and the further increase in 1910-1911 occurs chiefly under stores for India, and is caused by the manufacture of new currency note forms in connection with the recent currency legislation.

XVI A and 19 A.—LAW AND JUSTICE—COURTS OF LAW.

EXPENDITURE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General	4,56,669	3,44,555	3,42,069	3,39,000	3,61,000	3,37,000
2. North-West Frontier	5,24,760	5,14,067	5,42,005	5,34,000	5,49,000	5,68,000
Provincial.						
1. Central Provinces	20,25,200	21,64,239	25,10,402	25,06,000	24,90,000	25,52,000
2. Burma	39,62,173	42,51,833	43,90,265	45,00,000	45,88,000	47,64,000
3. Eastern Bengal and Assam	39,60,417	41,91,047	44,85,535	44,35,000	45,17,000	45,71,000
4. Bengal	74,09,956	75,61,397	83,75,876	79,20,000	83,04,000	82,43,000
5. United Provinces	57,73,941	57,79,483	60,18,614	59,91,000	58,99,000	60,20,000
6. Punjab	38,59,499	37,24,018	37,49,229	38,07,000	37,73,000	39,98,000
7. Madras	50,35,823	51,73,160	56,01,900	54,83,000	57,09,000	58,95,000
8. Bombay	50,92,015	51,80,722	52,80,586	52,49,000	52,60,000	53,03,000
TOTAL INDIA . R	3,81,00,453	3,88,84,521	4,12,96,481	4,07,64,000	4,14,50,000	4,22,51,000
Equivalent in Sterling £	2,540,030	2,592,302	2,753,099	2,717,600	2,763,300	2,816,700
England . . £	466	150	488	500	200	500
TOTAL . £	2,540,496	2,592,452	2,753,587	2,718,100	2,763,500	2,817,200

REVENUE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General	2,73,136	1,89,896	1,48,093	1,79,000	1,45,000	1,44,000
2. North-West Frontier	1,02,409	84,104	92,771	97,000	1,00,000	1,00,000
Provincial.						
1. Central Provinces	1,80,443	1,92,152	1,98,857	2,00,000	2,15,000	2,15,000
2. Burma	5,05,230	4,63,470	4,64,220	4,71,000	4,70,000	4,70,000
3. Eastern Bengal and Assam	3,30,706	3,61,477	3,72,878	3,84,000	3,87,000	3,90,000
4. Bengal	5,73,507	5,79,615	6,39,469	6,00,000	6,12,000	6,24,000
5. United Provinces	5,02,178	4,76,352	5,24,251	5,15,000	5,95,000	5,48,000
6. Punjab	3,64,228	3,35,166	4,02,269	3,75,000	3,90,000	3,90,000
7. Madras	7,31,176	7,48,691	7,69,646	7,55,000	8,40,000	8,20,000
8. Bombay	5,08,331	5,30,374	5,89,301	5,60,000	6,00,000	5,87,000
TOTAL R	40,71,344	39,61,297	42,01,755	41,36,000	43,54,000	42,88,000
Equivalent in Sterling £	271,423	264,087	280,117	275,700	290,200	285,800

EXPENDITURE.

(a) *Imperial.*

Revised, 1909-1910. 77. The small increase over the Budget grant in 1909-1910 is caused by the refund of an escheated property by the Administrator General, Bengal, whose charges are recorded in the Imperial section of the accounts; and an insufficient provision on account of salaries of Assistant Commissioners in the Frontier Province. In 1910-1911 provision has been made for the sanctioned scale of expenditure.

Budget, 1910-1911.

(*b*) *Provincial.*

78. The total Revised Estimate for the current year exceeds the Budget by R6·49 lakhs. There is a large increase of R3·84 lakhs in Bengal mainly in connection with the prosecution of anarchical crime; and of R2·26 lakhs in Madras owing to enhanced expenditure on grain compensation allowances, creation of temporary Civil and Sessions Courts to cope with increase of work and insufficient provision in the Budget to meet sanctioned charges of Criminal Courts. Smaller excesses occur in Burma owing chiefly to the prosecution of the Kheddah fraud cases; in Eastern Bengal and Assam owing to inadequate provision under several items in the Budget; and in Bombay, as a net result of a number of unimportant variations from the Budget allotments. On the other hand, some saving in the Budget grants is expected in the United Provinces, the Punjab and the Central Provinces. *Revised, 1909-1910.*

79. The total Budget for 1910-1911 is R8·06 lakhs higher than the Revised Estimate for 1909-1910. The increase is shared by all the provinces except Bengal, where provision for normal growth of expenditure and for additional outlay in connection with the scheme for the improvement of the pay of ministerial officers will be more than counterbalanced by smaller payment of fees to prosecuting lawyers and of grain compensation allowances. The more important increases occur in the Punjab (2·25 lakhs), where provision has been made for the full cost of the scheme, recently introduced, for the re-organisation of the Judicial Department; in Madras (1·86 lakhs), where the Budget contains allotments for additional temporary Civil and Sessions Courts required to cope with the increase of work, as well as for a number of new schemes, *e.g.*, constitution of additional districts and revision of pay of certain clerical establishments; and in Burma (1·76 lakhs) and the United Provinces (1·21 lakhs) owing chiefly to provisions for additional courts and the re-organisation of certain Judicial establishments. The excess in the case of the Central Provinces is chiefly caused by provision for the scheme for the re-organisation of the Commission. *Budget, 1910-1911.*

REVENUE.

(*a*) *Imperial.*

80. The figures do not show any important variations and call for no remarks.

(*b*) *Provincial.*

81. There is an increase of R2·49 lakhs over the total Budget of the current year, chiefly under court-fees realised in cash in the United Provinces and under magisterial fines in several provinces. The Budget for 1910-1911 provides for normal receipts in all the provinces. *Revised, 1909-1910.* *Budget, 1910-1911.*

XVI B and 19 B.—LAW AND JUSTICE—JAILS.

EXPENDITURE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General	18,28,924	17,97,443	19,55,130	19,63,000	17,86,000	18,43,000
2. North-West Frontier	1,14,550	1,17,136	1,35,681	1,32,000	1,26,000	1,47,000
Provincial.						
1. Central Provinces	5,11,843	4,81,132	5,86,090	5,58,000	6,05,000	5,94,000
2. Burma	11,91,286	12,46,377	12,83,422	12,50,000	12,45,000	13,24,000
3. Eastern Bengal and Assam	11,59,390	12,38,987	11,12,291	12,01,000	11,19,000	10,92,000
4. Bengal	26,63,436	26,96,952	27,70,423	27,00,000	28,00,000	28,71,000
5. United Provinces	18,30,732	19,93,037	24,12,421	20,60,000	20,70,000	20,00,000
6. Punjab	10,49,748	10,31,616	12,34,169	10,01,000	10,99,000	11,37,000
7. Madras	14,01,976	13,55,256	15,13,084	14,02,000	14,87,000	15,51,000
8. Bombay	8,93,325	8,66,303	9,92,226	9,84,000	9,86,000	10,49,000
TOTAL INDIA . ₹	1,26,45,210	1,28,24,239	1,39,94,937	1,32,51,000	1,33,23,000	1,36,08,000
Equivalent in Sterling £	843,014	854,949	932,996	883,400	888,200	907,200
England . £	90	1,817	...	100	100	100
TOTAL . £	843,104	856,766	932,996	883,500	888,300	907,300

REVENUE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India, General	3,01,684	2,94,194	2,89,071	2,95,000	2,96,000	2,97,000
2. North-West Frontier	19,209	19,753	20,307	21,000	20,000	21,000
Provincial.						
1. Central Provinces	1,97,268	1,81,259	2,16,060	2,10,000	2,37,000	2,43,000
2. Burma	4,12,030	4,62,119	4,15,792	4,40,000	4,60,000	5,20,000
3. Eastern Bengal and Assam	3,38,383	3,72,844	4,19,947	3,99,000	4,56,000	4,64,000
4. Bengal	12,07,552	11,58,667	9,21,281	11,68,000	8,13,000	9,64,000
5. United Provinces	3,65,821	4,02,568	3,77,098	4,02,000	3,55,000	3,73,000
6. Punjab	1,94,058	1,83,276	2,00,197	2,00,000	2,20,000	2,21,000
7. Madras	5,18,631	5,26,828	6,16,288	5,40,000	5,29,000	5,30,000
8. Bombay	2,21,144	2,14,538	2,17,461	2,35,000	2,50,000	2,65,000
TOTAL ₹	37,75,780	38,16,046	36,93,502	39,10,000	36,36,000	38,98,000
Equivalent in Sterling £	251,718	254,403	246,234	260,700	242,400	259,900

EXPENDITURE.

Imperial.

Revised, 1909-1910.

82. Nearly the whole of the saving in the Budget grant for 1909-1910 occurs in the convict charges at Port Blair, which constitute the bulk of the expenditure shown against "India General"; it has been caused by a fall in the

cost of dietary and by a too high provision in the Budget for the re-organisation of the Military Police. The Budget for 1910-1911 allows for a normal scale of expenditure and includes provision for a contemplated revision of the warder establishment in the Frontier Province. *Budget, 1910-1911.*

Provincial.

83. The total Revised for 1909-1910 is R2·55 lakhs higher than the Budget Estimate. The provision for dietary charges has proved inadequate in Bengal, the Punjab, Madras and to a small extent in the Central Provinces; in the first of these provinces considerable expenditure had also to be incurred in connection with the equipment of the new Presidency Jail. The saving in Eastern Bengal and Assam occurs in the purchase of raw materials for manufacturing purposes. *Revised, 1909-1910.*

84. The Estimates for 1910-1911 are generally based on the probable jail population, the cost of dietary and the requirements for raw materials. Provision for the revision of warder and other jail establishments has been made in several provinces (including the Central Provinces); and necessary allotments appear in Bengal for the new Presidency Jail and in Bombay for the new jail at Shikarpore. *Budget, 1910-1911.*

REVENUE.

(*a*) *Imperial.*

85. The figures show little variation and call for no remarks.

(*b*) *Provincial.*

86. The decrease of R2·74 lakhs in the Revised Estimate of the current year, as compared with the Budget, is chiefly due to smaller demands for jail manufactures in Bengal. In 1910-1911, some recovery is expected in this province; in the other provinces, provision has been generally made for normal receipts, save that in Burma a special increase has been allowed for, owing to the contemplated employment of convict labour in the Rangoon Jail Press. *Revised, 1909-1910* *Budget, 1910-1911.*

XVII AND 20.—POLICE.

EXPENDITURE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General	9,56,978	10,54,005	12,80,434	13,22,000	13,48,000	12,56,000
2. North-West Frontier	12,03,208	13,30,043	15,03,365	16,40,000	15,45,000	16,80,000
Provincial.						
1. Central Provinces	25,84,267	28,10,818	32,28,761	31,12,000	31,74,000	32,61,000
2. Burma	1,07,58,884	1,12,00,413	1,19,27,176	1,17,00,000	1,18,97,000	1,21,60,000
3. Eastern Bengal and Assam	38,82,814	44,19,659	50,41,025	53,60,000	52,49,000	55,49,000
4. Bengal	69,05,901	73,93,804	80,25,874	83,78,000	80,06,000	84,25,000
5. United Provinces	91,26,201	96,29,268	1,00,94,764	1,02,26,000	1,02,78,000	1,04,00,000
6. Punjab	46,57,247	52,34,373	55,04,576	52,06,000	52,74,000	57,03,000
7. Madras	58,16,552	64,49,126	73,72,784	76,82,000	75,44,000	82,00,000
8. Bombay	71,03,015	76,41,400	89,37,093	93,08,000	93,15,000	94,96,000
TOTAL INDIA . R	5,29,95,067	5,71,62,909	6,29,15,852	6,39,34,000	6,36,30,000	6,61,30,000
Equivalent in Sterling £	3,533,005	3,810,861	4,194,390	4,262,300	4,242,000	4,408,700
England . . £	1,700	2,493	1,832	2,000	2,100	2,100
TOTAL . £	3,534,705	3,813,354	4,196,222	4,264,300	4,244,100	4,410,800

REVENUE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General	45,627	47,707	42,597	45,000	45,000	46,000
2. North-West Frontier	78,124	73,598	70,893	71,000	81,000	75,000
Provincial.						
1. Central Provinces	91,379	42,936	23,299	25,000	23,000	22,000
2. Burma	1,92,724	2,20,364	2,26,996	2,31,000	2,17,000	2,32,000
3. Eastern Bengal and Assam.	1,19,818	1,77,859	1,76,356	2,00,000	1,40,000	1,50,000
4. Bengal	1,38,965	1,41,084	1,60,904	1,45,000	1,89,000	1,67,000
5. United Provinces	1,05,982	97,173	86,551	88,000	90,000	88,000
6. Punjab	6,08,916	5,82,309	5,77,975	5,57,000	5,76,000	5,76,000
7. Madras	4,27,377	4,73,022	5,92,474	4,45,000	4,88,000	4,67,000
8. Bombay	4,45,741	4,48,709	3,93,799	4,40,000	3,96,000	4,03,000
TOTAL . R	22,54,653	23,04,761	23,71,844	22,47,000	22,45,000	22,26,000
Equivalent in Sterling £	150,310	153,651	158,123	149,800	149,700	148,400

EXPENDITURE.

(a) *Imperial.*

Revised, 1909-1910. 87. The saving in the Budget grant for the current year of the Frontier province is caused by the non-utilisation of the provision for re-organisation of the police force and by lower expenditure on grain compensation allowances; the excess under India General occurs in the charges of the Central Criminal Investi-

Budget, 1910-1911. gation Department. In 1910-11, provision has been made for the full sanctioned

scale of the re-organised police in the Frontier Province and for the introduction of police reforms in Baluchistan; but the excess expenditure on this account is counterbalanced in part by savings under grain compensation allowance and higher recoveries from certain local funds in Hyderabad towards the cost of police supplied to them.

(*b*) *Provincial.*

88. The expenditure in the current year is likely to fall short of the Budget by R2·35 lakhs. The grants for the introduction of police reforms are not likely to be fully worked up to in the two Bengals and in Madras, and the total savings in these three provinces will amount to R6·21 lakhs. But, on the other hand, there will be considerable excesses over the Budget grant in Burma, where sufficient provision was not made for the sanctioned scale of expenditure in connection with the military police; in the Punjab and the Central Provinces, where the progress of police reforms has been more rapid than was anticipated; and in the United Provinces owing to special purchase of arms and accoutrements. In 1910-11, provision has been made in every province for the full cost of the reforms introduced during the current year, as well as for the introduction of further reform measures. *Revised, 1909-1910.* *Budget, 1910-1911.*

Revenue.

89. The figures show little variation and call for no remarks.

XVIII AND 21.—PORTS AND PILOTAGE.

EXPENDITURE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11. Budget.
Provincial.						
1. Burma	10,08,665	11,65,176	12,86,363	12,73,000	12,00,000	12,45,000
2. Eastern Bengal and Assam	1,70,000	1,86,945	1,58,435	1,25,000	1,16,000	93,000
3. Bengal	11,74,053	11,95,783	22,02,057	12,44,000	11,48,000	12,93,000
4. Madras	16,134	16,382	18,223	16,000	17,000	18,000
5. Bombay	45,290	54,386	53,216	57,000	60,000	96,000
Total India . R	24,14,142	26,18,672	37,78,294	27,15,000	25,41,000	27,45,000
Equivalent in Sterling	160,943	174,578	251,886	181,000	169,400	183,000
England . £	67	221	212	200	200	200
TOTAL . . £	161,010	174,799	252,098	181,200	169,600	183,200

REVENUE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11. Budget.
Provincial.						
1. Burma	5,02,378	4,69,521	4,46,458	4,73,000	4,73,000	4,76,000
2. Eastern Bengal and Assam	33,664	29,163	8,516	12,000	11,000	10,000
3. Bengal	15,39,308	14,90,708	15,55,871	15,31,000	15,50,000	15,48,000
4. Bombay	84,079	93,662	88,973	90,000	90,000	95,000
TOTAL R	21,59,429	20,83,054	20,99,818	21,06,000	21,24,000	21,29,000
Equivalent in Sterling £	143,962	138,870	139,988	140,400	141,600	141,900

EXPENDITURE.

Revised, 1909-10.

90. The saving of R1·74 lakhs in the Budget estimate of the current year is chiefly caused by ordinary lapses in grants in Burma and Bengal. The estimates for 1910-11 generally allow for a normal scale of expenditure, save in Bengal, where an increased outlay on stores is contemplated, and in Bombay where provision has been made for repairs to a Government steamer.

Budget, 1910-11.

REVENUE.

Revised, 1909-10.

91. The revenue in 1909·10 is now taken slightly higher than the Budget estimate in anticipation of increased pilotage receipts in Bengal. The Budget for 1910-11 is taken at about the same figure as the Revised for the current year.

Budget, 1910-11.

XIX AND 22.—EDUCATION.

EXPENDITURE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-10. Budget.	1909-10. Revised.	1910-1911, Budget.
Imperial.						
1. India, General	3,04,676	5,15,137	7,61,694	9,15,000	6,00,000	5,83,000
2. North-West Frontier	79,890	79,052	1,02,110	1,09,000	81,000	1,24,000
Provincial.						
1. Central Provinces	13,51,408	14,18,992	15,89,039	16,12,000	16,58,000	17,40,000
2. Burma	16,75,110	18,00,094	18,83,630	20,22,000	19,25,000	19,75,000
3. Eastern Bengal and Assam	12,30,208	17,79,007	21,67,643	23,34,000	24,03,000	27,01,000
4. Bengal	39,03,411	45,54,894	55,28,726	55,57,000	55,50,000	59,17,000
5. United Provinces	20,25,804	20,40,351	29,84,191	28,35,000	28,30,000	38,03,000
6. Punjab	22,34,372	22,68,154	22,24,247	21,07,000	22,16,000	23,72,000
7. Madras	34,62,730	37,95,573	37,38,835	37,81,000	37,79,000	41,12,000
8. Bombay	38,66,764	39,67,094	41,21,248	44,73,000	44,00,000	50,60,000
TOTAL INDIA ₹	2,01,36,373	2,22,18,348	2,51,01,363	2,57,45,000	2,54,42,000	2,83,87,000
Equivalent in Sterling £	1,342,425	1,481,223	1,673,424	1,716,300	1,696,100	1,892,500
England £	6,157	7,869	8,911	11,500	11,000	11,100
TOTAL	1,348,582	1,489,092	1,682,335	1,727,800	1,707,100	1,903,600

REVENUE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Imperial.	₹	₹	₹	₹	₹	₹
1. India, General	24,997	27,167	25,904	26,000	24,000	26,000
2. North-West Frontier	906	496	484	1,000	1,000	1,000
Provincial.						
1. Central Provinces	79,522	80,425	95,541	90,000	1,07,000	1,05,000
2. Burma	98,745	1,11,286	1,38,208	1,73,000	1,75,000	2,01,000
3. Eastern Bengal and Assam	2,17,656	2,22,988	2,32,045	2,34,000	2,57,000	2,62,000
4. Bengal	5,60,354	5,65,590	7,18,357	7,75,000	5,97,000	6,00,000
5. United Provinces	2,28,635	2,05,106	2,51,372	2,48,000	2,67,000	5,01,000
6. Punjab	2,49,013	2,94,715	3,02,735	3,20,000	4,28,000	3,60,000
7. Madras	2,28,368	2,11,456	2,03,269	2,05,000	1,97,000	1,98,000
8. Bombay	4,26,624	4,60,038	4,08,538	4,10,000	4,10,000	4,20,000
TOTAL ₹	21,14,820	21,79,267	23,76,453	24,82,000	24,63,000	26,74,000
Equivalent in Sterling £	140,988	145,285	158,430	165,500	164,200	178,300

EXPENDITURE.

(*a*) *Imperial.*

Revised, 1909-1910.

92. In the Budget estimate for the current year provision was made under this head in the India (General) Estimates for an Imperial grant of ₹3·15 lakhs in aid of university and collegiate education to be distributed among the several Provincial Governments. The amount actually assigned to each Government out of this sum has been placed at its disposal by increasing its share of Land Revenue; and there is thus a saving of the whole amount in the India Estimates under this head. The saving in the Frontier province is caused by lapses in ordinary grants.

Budget, 1910-1911.

93. In 1910-1911, the Budget provides for the sanctioned scale of expenditure in all the minor administrations, as well as on account of the Imperial Director General of Education; special allowance has also been made for the further development of education in the Frontier province, Baluchistan and Bangalore.

(*b*) *Provincial.*

Revised, 1909-1910. 94. The total Revised estimate of the current year exceeds the Budget by only ·4 lakh. Excesses over Budget grants occur in the Punjab, the Central Provinces and Eastern Bengal and Assam, partly owing to expenditure against the special Imperial grants mentioned above, and partly also to heavier payment of grants-in-aid in the first two provinces and to the provincialisation of the inspecting agency formerly paid by District Boards in the last-named province. In Bengal, the excess expenditure caused by the payment to the University of the Imperial grant of R1·6 lakhs has been more than counterbalanced by lapses in ordinary grants and in some of the special provisions included in the Budget for the improvement of education. In Bombay also, lapses are expected in the ordinary and special provisions, while the greater portion of the special Imperial grant of ·55 lakh will not be spent in the current year and has been allotted for expenditure in 1910-1911. The large saving in Burma is caused by the non-utilisation of certain provisions for the development of education.

Budget, 1910-1911. 95. The estimates for 1910-1911 allow for a large advance of R29·19 lakhs in educational expenditure—the increase being larger than that provided under any other head of Civil expenditure. Provision has been made in every province for further improvement and development, as well as for the full cost of the reforms introduced in the current year. Of the total increase, R3·15 lakhs are met from the special Imperial grant to be given in 1910-1911 in aid of university and collegiate education and ·45 lakh in Bombay from the unexpended balance of the similar grant made in the current year.

96. The largest increases occur in the United Provinces, Bombay and Bengal where the following sums have been provided for fresh expenditure with reference to the recommendations of the Finance Committees :—

	R
United Provinces	86,000
Bombay	2,96,000
Bengal	42,000

97. The more important special provisions made in the several provinces are enumerated below :—

(1) *Central Provinces.*—Opening of new schools of every description and payment of larger grants-in-aid to schools and colleges and to local bodies for educational purposes.

(2) *Burma.*—Strengthening of the subordinate inspecting agency, taking over by Government of certain municipal schools and raising of certain primary schools to the middle grade.

(3) *Eastern Bengal and Assam.*—Raising of the status of the Chittagong College to the first grade, and payment of larger grants to high schools and Mahomedan hostels.

(4) *Bengal.*—Appointment of an Inspector of Industries, revision of certain subordinate inspecting establishments, strengthening of the staff and other improvements in Government colleges and schools, and opening of new schools of various classes.

(5) *United Provinces.*—Taking over by Government of District Boards' *zilla* schools, regrading of the Provincial service, strengthening of the inspecting agency, opening of new schools, development of technical and female education, payment of larger grants to aided colleges and schools.

(6) *Punjab.*—Lump provision for building and miscellaneous grants.

(7) *Madras.*—Strengthening of the staff in Government colleges, expansion of elementary education and re-organisation of training schools.

(8) *Bombay.*—Strengthening of the subordinate inspecting agency, development of technical education and opening of new primary schools.

REVENUE.

Revised, 1909-1910. 98. The Imperial figures call for no remarks. Under Provincial, the total revenue in 1909-1910 will not materially differ from the Budget estimate—a decrease of R1·78 lakhs in Bengal, caused mainly by the non-realisation of special contributions anticipated from District Boards, being very nearly counterbalanced by the recovery of arrear contributions (1·12 lakhs) from the Aitchison College in the Punjab and by small improvements in some of the other provinces. In 1910-1911, provision is made for normal receipts in all the provinces, the large increase in United Provinces being caused by the provincialisation of District Boards' schools.

Budget, 1910-1911.

23.—ECCLESIASTICAL.

EXPENDITURE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-10. Budget.	1909-10. Revised.	1910-1911, Budget.
Imperial.						
1. India General	1,84,233	2,01,138	1,93,499	2,01,000	1,94,000	1,97,000
2. Central Provinces	77,393	79,883	86,240	1,00,000	85,000	88,000
3. Burma	1,31,887	1,37,841	1,18,544	1,35,000	1,26,000	1,32,000
4. Eastern Bengal and Assam	27,540	28,268	31,100	32,000	27,000	28,000
5. Bengal	2,11,589	2,16,417	2,15,390	2,23,000	2,43,000	2,29,000
6. United Provinces	2,63,639	2,41,008	2,53,843	2,50,000	2,60,000	2,65,000
7. Punjab	2,40,646	2,24,711	2,29,888	2,26,000	2,27,000	2,32,000
8. North-West Frontier	37,726	35,348	35,385	37,000	39,000	38,000
9. Madras	3,26,854	3,36,844	2,98,842	3,44,000	3,23,000	3,30,000
10. Bombay	3,81,413	3,47,141	3,27,416	3,62,000	3,37,000	3,59,000
TOTAL INDIA R	18,82,920	18,48,599	17,90,147	19,10,000	18,61,000	18,98,000
Equivalent in Sterling £	125,528	123,240	119,343	127,300	124,000	126,500
England £	378	306	739	400	700	400
TOTAL	125,906	123,546	120,082	127,700	124,700	126,900

99. The figures do not call for any remarks. There is a small saving in the total grant for the current year. In 1910-1911 normal provision has been made for sanctioned scale of expenditure.

XX AND 24.—MEDICAL.

EXPENDITURE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-09.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Imperial.						
1. India General	5,67,250	5,69,513	6,70,421	7,04,000	6,68,000	7,15,000
2. North-West Frontier	92,032	1,20,958	1,56,703	2,00,000	1,76,000	2,00,000
Provincial.						
1. Central Provinces	5,44,900	5,28,885	7,18,278	8,96,000	8,33,000	9,40,000
2. Burma	17,80,374	19,54,191	21,21,431	21,46,000	21,17,000	24,18,000
3. Eastern Bengal and Assam	7,92,561	8,46,566	9,33,857	11,58,000	10,16,000	11,37,000
4. Bengal	22,07,456	22,67,610	23,28,034	25,20,000	23,39,000	24,65,000
5. United Provinces	11,25,489	14,31,463	20,82,419	19,93,000	17,00,000	18,87,000
6. Punjab	11,85,753	13,51,573	14,25,184	15,02,000	14,00,000	17,67,000
7. Madras	15,60,753	17,64,450	21,18,682	22,54,000	22,87,000	25,31,000
8. Bombay	21,99,841	19,03,065	25,52,234	29,15,000	26,75,000	30,19,000
Total India R	1,20,57,009	1,27,38,274	1,51,07,243	1,62,88,000	1,52,11,000	1,70,79,000
Equivalent in Sterling £	803,801	849,218	1,007,150	1,085,900	1,014,100	1,138,600
England £	12,587	7,385	10,562	10,400	8,800	8,400
TOTAL £	816,388	856,603	1,017,712	1,096,300	1,022,900	1,147,000

REVENUE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Imperial.						
1. India General	4,124	2,277	8,032	8,000	8,000	8,000
2. North-West Frontier	6,637	2,607	611	1,000	1,000	1,000
Provincial.						
1. Central Provinces	9,201	7,582	10,834	7,000	9,000	9,000
2. Burma	56,358	55,287	60,655	56,000	63,000	63,000
3. Eastern Bengal and Assam	18,568	40,967	59,879	69,000	63,000	78,000
4. Bengal	2,43,355	2,38,934	2,81,855	2,90,000	2,84,000	2,98,000
5. United Provinces	28,869	34,722	36,068	38,000	35,000	41,000
6. Punjab	90,525	51,564	33,906	28,000	46,000	38,000
7. Madras	1,39,118	1,19,796	1,18,849	1,13,000	1,23,000	1,15,000
8. Bombay	2,23,331	2,19,707	2,22,402	2,24,000	2,20,000	2,16,000
Total India R	8,20,086	7,73,443	8,33,091	8,34,000	8,52,000	8,67,000
Equivalent in Sterling £	54,673	51,562	55,539	55,600	56,800	57,800
England £	973	907	1,010	900	900	900
TOTAL £	55,646	52,469	56,549	56,500	57,700	58,700

EXPENDITURE.

(*a*) *Imperial.*

100. The saving in the Budget Estimate for the current year is caused by the non-utilisation of certain provisions for fresh expenditure and by smaller expenditure on measures for the prevention of plague in the Frontier province. In 1910-1911, special provision has been made for the creation of an additional civil surgeoncy in Baluchistan, as well as for the revision of certain clerical establishments and higher expenditure in connection with plague in the Frontier province. *Revised, 1909-1910.* *Budget, 1910-1911.*

(*b*) *Provincial.*

101. The total Revised Estimate for the current year is taken at R10·17 lakhs less than the Budget. The decrease is shared by every province with the exception of Madras, where a small excess is anticipated. In the Central Provinces, Burma and Bombay, it is caused by savings in ordinary allotments and in the grant for expenditure in connection with the plague; in Bengal by similar savings as well as by the non-utilisation of the special provisions for the improvement of the Sanitary Department and the prospects of civil medical assistants; and in Eastern Bengal and Assam, the United Provinces and the Punjab by heavy lapses in the special subventions made from Imperial revenues for the improvement of sanitation. *Revised, 1909-1910.*

102. The Budget for next year exceeds the Revised for 1909-1910 by R17·97 lakhs, the increase being distributed over all the provinces. Provision has been made in every province for increased outlay on the improvement of sanitation; while several provinces contemplate a more vigorous programme for the prevention of plague. Special allotments have been made in almost every province for the improvement of the prospects of civil medical assistants; in Burma for improving the equipment of certain hospitals; in Bengal for improving the prospects of assistant surgeons; in the United Provinces for the taking over by Government of the Thomason Hospital at Agra; and in Bombay for the opening of new dispensaries and for the payment of grants to certain medical institutions. *Budget, 1910-1911.*

REVENUE.

103. The figures do not show any important variations and call for no remarks.

25.—POLITICAL.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General.	1,08,35,652	68,23,161	93,90,223	90,04,000	84,30,000	79,96,000
2. North-West Frontier	25,72,577	27,00,716	32,41,775	31,20,000	30,11,000	31,71,000
3. Burma	4,50,663	...	...	...	...	...
4. Punjab	6,41,474	6,41,892	6,32,268	6,65,000	6,31,000	6,50,000
5. Other Provinces	5,90,047	6,14,393	6,15,267	5,74,000	5,47,000	6,10,000
Provincial.						
1. Central Provinces	40,763	41,240	45,011	51,000	51,000	49,000
2. Burma	...	4,17,639	4,11,805	4,17,000	4,09,000	4,15,000
3. Eastern Bengal and Assam	79,619	92,090	1,08,493	95,000	95,000	1,07,000
4. Bengal	41,248	47,083	52,404	56,000	46,000	59,000
5. United Provinces	74,497	6,360	4,932	16,000	6,000	6,000
6. Madras	87,832	77,496	79,596	87,000	88,000	94,000
7. Bombay	4,29,338	3,89,566	4,05,885	4,47,000	4,60,000	4,87,000
TOTAL INDIA . R	1,58,43,710	1,18,51,636	1,49,87,659	1,45,32,000	1,37,74,000	1,36,44,000
Equivalent in Sterling £	1,056,247	790,109	999,177	968,800	918,300	909,600
England £	3,786	6,046	8,335	3,400	6,600	3,800
TOTAL £	1,060,033	796,155	1,007,512	972,200	924,900	913,400

104. The Imperial outlay shown against "Other Provinces" consists of the charges of the Political Residency at Aden, and certain other expenditure—mainly in connection with political refugees and State prisoners—in several provinces.

(*a*) *Imperial.*

Revised, 1909-1910. 105. The expenditure fluctuates considerably with the drawings of his subsidy by His Majesty the Amir of Afghanistan. It is very difficult to forecast these with any degree of accuracy, and there is always an element of uncertainty in the estimates under this head. The Budget Estimate for the current year provided for a payment of R29 lakhs on this account. It is now unlikely that more than 25 lakhs will be drawn; and allowing for a provision of this amount the Revised Estimate amounts to R7·44 lakhs less than the Budget. Other important causes contributing to the decrease are non-utilisation of the provisions for the re-organisation of certain tribal levy services in Baluchistan and of frontier militia in the Frontier province; and recovery of arrear contributions towards the cost of certain political agencies in Central India.

Budget, 1910-1911. 106. In 1910-1911, the provision for the payment of subsidy to the Amir has been taken at 20 lakhs; but the saving under this item is counterbalanced in part by increases in other directions, and the total Budget is less than the Revised by only 1·92 lakhs. The principal causes of increase are the absence of the arrear contributions mentioned above, and the provision for the re-organisation of frontier militia in the Frontier province and of the political staff and certain other establishments in Aden.

(*b*) *Provincial.*

Revised, 1909-1910. 107. The Revised for the current year does not differ materially from the Budget. In the Budget of 1910-1911, a small growth of expenditure has been *Budget, 1910-1911.* allowed for, mainly in connection with the re-organisation of the Bombay Political Department.

XXI AND 26.—SCIENTIFIC AND OTHER MINOR DEPARTMENTS.

EXPENDITURE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General	49,75,166	52,69,744	55,68,082	56,40,000	53,99,000	61,50,000
2. North-West Frontier	22,833	40,898	32,510	65,000	49,000	70,000
3. Other Provinces	2,61,586	2,71,371	2,61,200	2,87,000	2,72,000	2,95,000
Provincial.						
1. Central Provinces	2,58,468	3,65,310	4,80,141	4,18,000	4,22,000	4,35,000
2. Burma	2,24,187	3,16,738	3,67,977	4,50,000	4,32,000	4,41,000
3. Eastern Bengal and Assam	2,43,960	2,91,805	3,78,767	4,51,000	4,67,000	4,85,000
4. Bengal	9,85,359	10,96,861	12,26,466	14,05,000	11,89,000	14,32,000
5. United Provinces	6,27,699	7,34,984	8,30,179	10,33,000	11,23,000	11,50,000
6. Punjab	4,75,251	4,71,771	5,66,817	5,59,000	7,34,000	7,08,000
7. Madras	9,24,391	10,54,082	12,06,457	14,25,000	13,76,000	15,36,000
8. Bombay	5,45,188	6,07,343	6,99,792	8,69,000	7,16,000	8,96,000
TOTAL INDIA . R	95,44,088	1,05,20,907	1,16,18,394	1,26,32,000	1,21,84,000	1,36,07,000
Equivalent in Sterling £	636,272	701,394	774,560	842,100	812,300	907,100
England (mainly stores) . £	55,027	71,264	56,744	45,300	33,200	33,800
TOTAL . £	691,299	772,658	831,304	887,400	845,500	940,900

REVENUE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
1. India General	1,74,534	1,44,789	1,85,575	1,49,000	2,06,000	1,92,000
2. North-West Frontier	209	218	185	...	...	...
Provincial.						
1. Central Provinces	55,823	52,040	72,746	79,000	86,000	85,000
2. Burma	2,081	5,510	5,281	4,000	6,000	5,000
3. Eastern Bengal and Assam	54,965	54,062	64,457	88,000	47,000	54,000
4. Bengal	2,90,868	2,90,901	2,86,008	3,31,000	2,83,000	3,87,000
5. United Provinces	1,41,541	1,32,180	1,45,828	1,40,000	1,36,000	1,50,000
6. Punjab	88,039	99,360	1,01,929	1,03,000	1,09,000	1,13,000
7. Madras	4,31,244	4,85,379	6,54,886	6,20,000	5,80,000	5,89,000
8. Bombay	52,908	65,571	63,759	85,000	80,000	98,000
TOTAL INDIA . R	12,92,212	13,30,010	15,80,654	15,99,000	15,33,000	16,73,000
Equivalent in sterling £	86,148	88,667	105,377	106,600	102,200	111,500
England £	634	487	1,159	1,200	1,700	800
TOTAL . £	86,782	89,154	106,536	107,800	103,900	112,300

Details of expenditure shown against "India General" in the preceding table.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
(*a*) *Scientific*—						
i. Survey of India	23,62,595	26,10,607	27,89,767	28,21,000	27,54,000	28,99,000
ii. Geological Survey	2,93,309	3,10,364	3,64,773	3,68,000	3,32,000	3,56,000
iii. Inspector of Mines	1,16,331	1,21,769	1,12,706	1,19,000	1,18,000	1,17,000
iv. Meteorological Survey	4,76,229	5,03,433	4,80,683	5,02,000	4,01,000	4,15,000
v. Archæological Survey	1,75,036	1,81,155	2,13,434	1,91,000	1,82,000	2,06,000
vi. Central Museum	1,04,668	1,11,843	1,30,222	1,16,000	1,18,000	1,32,000
vii. Bacteriology	1,60,478	1,91,081	1,72,201	1,97,000	1,97,000	1,99,000
viii. Central Research and X-Ray Institutes	1,25,882	1,53,165	1,62,337	1,42,000	1,54,000	1,53,000
ix. Other items	55,582	51,665	51,577	49,000	50,000	58,000
(*b*) *Agricultural*—						
i. Agriculture	3,44,566	3,78,828	4,57,728	4,99,000	4,55,000	4,88,000
ii. Veterinary charges	2,54,158	2,21,719	2,44,643	2,81,000	2,45,000	2,62,000
iii. Other items	1,200	1,281	1,107	1,000	3,000	1,000
(*c*) *Statistics*—						
i. Bureau of Commercial Intelligence, and other charges	3,54,284	2,56,547	1,84,249	1,74,000	1,88,000	1,76,000
ii. Census	37	5	...	...	20,000	5,00,000
(*d*) *Miscellaneous*—						
i. Imperial Library	38,889	52,023	48,536	46,000	47,000	47,000
ii. Examinations	50,665	50,759	52,723	56,000	53,000	59,000
iii. Inspector of Explosives	49,470	54,864	74,346	70,000	73,000	74,000
iv. Other items	11,787	12,036	27,050	8,000	9,000	8,000
TOTAL R	49,75,166	52,69,744	55,68,082	56,40,000	53,99,000	61,50,000

EXPENDITURE.

108. The figures shown against "Other Provinces" in the table at page 87 represent expenditure incurred in the several provinces in connection with ethnographical surveys, census operations, and the pay and allowances of officers borne on the cadre of the Imperial Civil Veterinary Department, as well as the cost of the Archæological Department in Burma.

(*a*) *Imperial.*

Revised, 1909-1910. 109. The Revised for 1909-1910 is less than the Budget by R2·72 lakhs. The principal savings occur in the charges of the Meteorological Department owing mainly to a reduced expenditure on telegrams caused by the revised tariff rates; and of the Survey of India, Geological Survey and Agricultural Departments in consequence of ordinary lapses in grants. *Budget, 1910-1911.* In 1910-1911, a provision of 5 lakhs has been made to meet the cost of the impending census operations. Otherwise the grants of the various Departments have been generally fixed with reference to normal operations and the scale of establishments actually sanctioned. The large increase under Survey of India over the current year's expenditure is caused mainly by provision for the reorganisation of the Imperial Service recently sanctioned by the Secretary of State.

(*b*) *Provincial.*

Revised, 1909-1910. 110. The Revised Estimate shows a lapse of R1·76 lakhs in the total Budget provision for the current year. Considerable savings are expected in Bengal and in Bombay, owing mainly to the non-utilisation of grants for the development of the Agricultural Department in the former province, and for the

purchase of land for the Northcote Cattle Farm in the latter. Savings of smaller magnitude occur in Madras, Burma and the Central Provinces. But on the other hand, there are large excesses over Budget grants in the United Provinces and the Punjab. In both these provinces, special payments of contributions of 2 and 1 lakhs respectively have been made to the recent industrial exhibitions; but while in the former province it has been found possible to meet a portion of this expenditure out of savings in the Budget allotments, in the latter the Budget has proved inadequate to meet sanctioned outlay.

Budget, 1910-1911.

111. The total Budget grant for 1910-1911 is 6·28 lakhs higher than the Revised of the current year. The bulk of the increase occurs in Bengal, Madras and Bombay. Provision has been made in all three provinces for the further development of the agricultural and other departments whose charges are recorded under this head; and in Bengal, and also to a smaller extent in Madras, for the purchase of a larger quantity of cinchona bark. Provisions for the development of the agricultural and veterinary departments have also been made in the Central Provinces, the United Provinces and the Punjab; but they have been obscured in the first named province by the saving caused by the completion of the work in connection with gazetteers; and in the last two provinces by the absence of the special payments made in the current year in aid of industrial exhibitions.

REVENUE.

112. The fluctuations in the Imperial figures are unimportant and call for no remarks.

Revised, 1909-1910.

113. As regards the Provincial figures, the decrease in 1909-1910 as compared with the Budget estimate is chiefly due to smaller receipts from the sale of quinine in Bengal and from the chrome tanning industry in Madras. In 1910-1911 larger receipts are anticipated in Bengal from the sale of quinine, and almost all the provinces provide for a growth in departmental revenue.

Budget, 1910-1911.

27.—TERRITORIAL AND POLITICAL PENSIONS.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910.		1910-1911, Budget.
				Budget.	Revised.	
Imperial.						
1. India General .	1,49,837	1,66,693	1,64,045	1,57,000	1,60,000	1,62,000
2. Central Provinces .	2,11,943	2,07,390	2,01,367	2,10,000	2,02,000	2,01,000
3. Burma . . .	1,18,770	1,23,296	1,39,286	1,59,000	1,63,000	1,69,000
4. Eastern Bengal and Assam . .	11,132	7,842	8,619	9,000	10,000	10,000
5. Bengal . . .	3,70,605	8,55,761	9,40,002	9,07,000	8,83,000	8,93,000
6. United Provinces .	8,38,794	7,99,513	8,69,254	8,17,000	8,03,000	8,02,000
7. Punjab . . .	1,60,653	1,61,728	1,54,081	1,56,000	1,51,000	1,49,000
8. North-West Frontier	62,077	53,675	63,274	60,000	64,000	64,000
9. Madras. . .	4,12,521	4,01,697	3,88,716	4,01,000	4,10,000	3,85,000
10. Bombay . .	5,41,463	6,04,266	5,46,405	5,32,000	5,50,000	5,43,000
TOTAL INDIA . R	33,77,795	33,81,861	34,75,049	34,08,000	33,96,000	33,78,000
Equivalent in Sterling £	225,187	225,457	231,670	227,200	226,400	225,200
England . £	10,460	23,487	11,085	9,700	13,600	10,400
TOTAL . £	235,647	248,944	242,755	236,900	240,000	235,600

114. The total figures show little variation and call for no remarks.

28.—CIVIL FURLOUGH AND ABSENTEE ALLOWANCES.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
Imperial.						
India . . R	4,686	2,334	2,114	5,000	3,000	4,000
Equivalent in Sterling £	312	156	141	400	200	300
England £	2,43,015	3,29,359	3,66,639	3,68,000	398,000	398,000
TOTAL . .	2,43,327	3,29,515	3,66,780	3,68,400	398,200	398,300

115. Almost the whole of the expenditure recorded under this head is incurred in England Leave allowances of officers paid in India are charged to the same head as their salaries, and the small sums shown against India represent leave allowances of officers lent to Foreign States, etc.

116. It is hardly possible to frame a correct estimate under this head. The expenditure for the current year has been greater than was anticipated, and the Budget for 1910-1911 is taken at practically the same figure as the Revised for 1909-1910.

XXII AND 29—SUPERANNUATIONS.

EXPENDITURE.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11. Budget.
Imperial.						
1. India General	8,26,939	8,66,746	8,80,261	9,05,000	9,09,000	9,30,000
2. North-West Frontier	1,17,506	1,22,113	1,18,786	1,19,000	1,21,000	1,21,000
3. Other Provinces	1,56,073	1,43,867	1,33,025	1,39,000	1,28,000	1,26,000
Provincial.						
1. Central Provinces	5,81,624	6,05,517	6,02,795	6,15,000	6,11,000	6,32,000
2. Burma	6,06,496	6,62,356	6,78,501	7,24,000	7,00,000	7,10,000
3. Eastern Bengal and Assam	6,40,024	6,73,908	6,98,536	7,19,000	7,41,000	7,76,000
4. Bengal	24,86,548	25,91,642	26,27,146	27,48,000	27,20,000	28,11,000
5. United Provinces	26,18,814	26,89,396	27,69,273	28,45,000	29,06,000	29,42,000
6. Punjab	14,73,567	15,44,090	15,95,083	16,63,000	16,55,000	17,10,000
7. Madras	21,25,521	22,30,378	23,20,930	24,36,000	24,02,000	25,04,000
8. Bombay	25,09,031	26,22,306	27,27,499	28,79,000	28,79,000	30,20,000
Total India ₹	1,41,42,143	1,47,52,319	1,51,51,835	1,57,92,000	1,57,72,000	1,62,82,000
Equivalent in Sterling £	942,810	983,488	1,010,122	1,052,800	1,051,500	1,085,500
England £	2,004,949	2,025,973	2,048,112	2,032,000	2,049,700	2,076,200
Total £	2,947,759	3,009,461	3,058,234	3,084,800	3,101,200	3,161,700

RECEIPTS.

	Accounts, 1905-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget	1909-1910. Revised.	1910-1911, Budget.
Imperial.						
1. India General	3,93,771	3,84,762	3,61,926	3,79,000	2,95,000	3,20,000
2. North-West Frontier	12,781	21,604	15,066	18,000	11,000	11,000
3. Other Provinces	9,21,721	9,35,086	8,79,442	8,86,000	8,66,000	8,97,000
Provincial.						
1. Central Provinces	39,295	56,680	64,709	59,000	64,000	70,000
2. Burma	28,040	29,556	30,273	30,000	30,000	30,000
3. Eastern Bengal and Assam	10,807	9,335	12,203	13,000	12,000	12,000
4. Bengal	62,729	4,15,664	59,540	55,000	64,000	61,000
5. United Provinces	76,449	94,060	1,06,389	1,21,000	1,10,000	72,000
6. Punjab	60,522	65,044	61,552	60,000	87,000	72,000
7. Madras	69,592	75,363	77,316	72,000	78,000	78,000
8. Bombay	2,06,389	2,09,504	2,10,560	2,05,000	2,30,000	2,35,000
TOTAL INDIA ₹	18,82,096	22,96,658	18,78,976	18,98,000	18,47,000	18,58,000
Equivalent in Sterling £	125,473	153,110	125,265	126,500	123,100	123,900
England £	66,414	68,526	69,746	65,000	65,300	65,600
TOTAL £	191,887	221,636	195,011	191,500	188,400	189,500

117. The figures of Imperial revenue shown against "Other Provinces" represent the receipts of certain abolished funds, the assets and liabilities of which were taken over by the Government, as well as the subscriptions paid by members of the Indian Civil Service for securing certain pensionary benefits for their families. The charges on account of such pensions as well as of the pensions of the abolished funds are recorded in the accounts as Imperial expenditure.

EXPENDITURE.

118. The expenditure in India in the current year is nearly the same as the Budget estimate; but in England there is an excess of £17,700 (2·65 lakhs). The estimates for next year provide for the normal growth of the retired list both in India and in England.

REVENUE.

119. The variations in the figures are unimportant and do not call for any remarks.

XXIII AND 30.—STATIONERY AND PRINTING.

EXPENDITURE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Imperial.						
1. Central Stationery Office	2,33,006	2,65,529	2,78,177	2,71,000	2,60,000	2,72,000
2. Stationery purchased for Central stores	38,61,487	45,89,640	50,35,313	40,50,000	45,75,000	46,71,000
3. Government Presses (mainly Calcutta and Simla)	17,41,756	19,17,711	20,12,483	20,28,000	18,14,000	19,00,000
4. Other charges	8,420	26,370	14,768	11,000	16,000	13,000
5. *Deduct*—Value of supplies to Local Governments and Administrations and to Postal and Telegraph Departments, etc.	—44,12,757	—52,93,441	—51,30,407	—47,54,000	—49,57,000	—49,17,000
6. North-West Frontier	60,287	68,900	76,122	77,000	75,000	84,000
TOTAL	14,92,199	15,74,709	22,86,456	16,83,000	17,83,000	20,23,000
Provincial.						
1. Central Provinces	3,03,419	4,25,166	4,57,596	4,00,000	4,18,000	4,20,000
2. Burma	7,18,407	7,93,664	8,32,830	8,00,000	8,08,000	9,00,000
3. Eastern Bengal and Assam	2,65,972	3,85,590	6,68,981	5,05,000	7,68,000	7,82,000
4. Bengal	12,85,390	14,67,251	13,35,983	13,71,000	13,30,000	14,16,000
5. United Provinces	7,78,190	10,06,737	8,82,641	8,32,000	8,35,000	8,41,000
6. Punjab	6,02,871	6,65,457	6,77,210	7,24,000	7,49,000	7,48,000
7. Madras	13,09,927	13,42,009	14,34,138	13,68,000	13,76,000	14,15,000
8. Bombay	11,73,713	13,01,451	12,86,751	12,72,000	13,45,000	13,29,000
TOTAL INDIA ₹	79,30,088	89,62,034	98,62,586	89,55,000	94,12,000	98,74,000
Equivalent in Sterling £	528,673	597,469	657,506	597,000	627,500	658,300
England { Stores £	108,535	131,823	121,858	109,000	111,000	103,000
England { Other charges £	6,785	6,292	7,364	8,000	7,100	8,400
TOTAL £	643,993	735,584	786,728	714,000	745,600	769,700

REVENUE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Imperial.						
1. India General	3,43,464	4,71,097	5,34,965	4,37,000	4,71,000	4,67,000
2. North-West Frontier	8,235	8,061	7,951	10,000	11,000	10,000
3. Other Provinces	1,54,978	1,87,521	1,53,136	1,84,000	1,80,000	1,73,000
Provincial.						
1. Central Provinces	49,164	48,845	52,319	47,000	50,000	49,000
2. Burma	63,763	54,004	54,842	59,000	52,000	55,000
3. Eastern Bengal and Assam	18,059	21,792	16,512	25,000	15,000	16,000
4. Bengal	1,34,920	1,32,763	1,29,070	1,33,000	1,25,000	1,34,000
5. United Provinces	1,23,989	1,51,084	1,56,040	1,37,000	1,58,000	1,47,000
6. Punjab	96,669	95,853	1,06,356	97,000	1,42,000	98,000
7. Madras	1,08,551	1,17,214	1,14,066	99,000	1,02,000	1,06,000
8. Bombay	79,384	88,855	1,08,263	1,00,000	1,05,000	1,01,000
TOTAL ₹	11,81,176	13,72,089	14,33,520	13,28,000	14,11,000	13,56,000
Equivalent in sterling £	78,745	91,472	95,568	88,600	94,100	90,400

EXPENDITURE.

(*a*) *Imperial—India and England.*

120. The grant for the purchase of stationery for the central stores in 1909-1910 was deliberately fixed at a lower figure than the actual expenditure in the two previous years, as measures were in contemplation for securing a reduction in the consumption of stationery in Government offices. Some steps in this direction have been taken during the present year, but the effect of these will not be fully felt for some time to come; and the grants for the purchase of stationery for central stores in India and in England in the current year have been exceeded by R5·55 lakhs. A part of this, however, will be counterbalanced by an increase of R2·03 lakhs in the value of supplies to Local Governments, etc. There will also be a large saving in the printing expenditure, which also has come under more careful scrutiny during the year. The total Imperial expenditure under this head in the current year is R1·16 lakhs in excess of the Budget grant; but it is satisfactory to notice that there is a reduction of R6·7 lakhs as compared with last year. *Revised, 1909-1910.*

121. The grant for the purchase of stationery for central stores in India and in England in 1910-1911 has been fixed at R·24 lakh less than the Revised estimate for the current year, in the expectation that the measures referred to above and further measures in the same direction likely to be adopted next year will check any growth in the expenditure. On the other hand, a slightly larger decrease occurs in the supplies to Local Governments, etc., some of whom are also taking steps to secure economies; and provision has been made for a growth in the printing charges. The total Imperial Budget for next year in both India and England therefore exceeds the Revised of 1909-1910 by 1·4 lakhs. *Budget, 1910-1911.*

(*b*) *Provincial.*

122. The total expenditure in 1909-1910 exceeds the Budget by R3·57 lakhs. Of this R2·63 lakhs occur in Eastern Bengal and Assam alone, where the requirements of the new Dacca jail press appear to have been inadequately foreseen. Some increase in the stationery expenditure has taken place in most of the provinces.

123. The increase of R2·22 lakhs in the Budget of 1910-1911 over the Revised estimate of the current year occurs almost wholly in the printing expenditure.

REVENUE.

124. The Imperial revenue shown against "Other Provinces" represents recoveries of the value of stationery supplied to Railways, Municipalities and other local bodies, etc.

125. The increase in 1909-1910 over the Budget estimate occurs mainly under India General and the Punjab and is caused by collection of bills outstanding at the end of the previous year. The absence of these special receipts accounts for the falling off in the receipts for 1910-1911 as compared with the Revised for 1909-1910.

XXIV AND 31.—EXCHANGE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910.		1910-1911, Budget.
				Budget.	Revised.	
Revenue . . R	28,50,328	14,17,664	...	...	3,93,000	...
Equivalent in Sterling £	190,022	94,511	...	...	26,200	...
Expenditure . . R	...	...	5,16,552	...	...	...
Equivalent in Sterling £	...	...	34,437	...	...	...

126. The accounts of the Government of India are now prepared on a sterling basis, the rupee transactions in India being converted into pounds at the rate of R15=£1 and then added to the sterling transactions in England; and the comparatively small sums which have to be brought to account owing to the facts that the remittances to defray the net expenditure in England are not effected at exactly sixteen pence to the rupee, and that the Government is under obligations to carry out certain transactions with railway companies at fixed rates differing from the rate of sixteen pence to the rupee, are shown under this head.

127. In the current year the average rate to be obtained on the net remittance of funds from India to England is estimated at £1=R14·977, and there is accordingly a gain of R3·93 lakhs under this head. In the Budget estimate for next year, it is usual to assume an average rate of £1=R15, as it is not possible to forecast with any degree of certainty what the course of exchange will be in the next twelve months.

XXV AND 32.—MISCELLANEOUS.

EXPENDITURE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Imperial.						
1. Remittance charges mainly in connection with movements of Government funds	5,14,694	5,16,632	3,76,118	4,28,000	3,38,000	3,96,000
2. Special Commissions of enquiry	3,70,144	3,94,915	2,02,309	1,00,000	14,000	1,00,000
3. Other charges: (*a*) in Frontier Province	25,972	28,053	26,981	34,000	27,000	33,000
(*b*) elsewhere	3,76,077	1,48,605	2,56,567	2,21,000	2,33,000	2,07,000
Provincial.						
1. Central Provinces	1,53,423	1,47,073	1,42,849	1,63,000	1,21,000	1,42,000
2. Burma	4,57,144	2,86,121	3,53,836	2,69,000	3,74,000	3,96,000
3. Eastern Bengal and Assam.	6,45,944	7,15,223	7,53,456	7,14,000	6,00,000	6,74,000
4. Bengal	9,42,253	9,93,436	5,69,379	5,27,000	3,83,000	4,73,000
5. United Provinces	17,12,685	19,62,034	20,01,581	18,82,000	14,05,000	9,95,000
6. Punjab	2,92,267	4,57,754	3,15,016	2,86,000	3,64,000	3,10,000
7. Madras	4,06,268	3,15,645	4,15,740	4,18,000	3,96,000	4,13,000
8. Bombay	3,59,985	2,49,981	2,96,939	3,00,000	2,95,000	3,62,000
TOTAL INDIA . R	62,56,856	62,15,472	57,70,772	53,42,000	45,50,000	45,01,000
Equivalent in Sterling £	417,123	414,365	384,718	356,100	303,300	300,000
England . . £	19,400	35,210	36,361	25,000	54,300	23,700
TOTAL . £	436,523	449,575	421,079	381,100	357,600	323,700

REVENUE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Imperial.						
1. India General	24,50,891	14,93,226	6,34,281	14,44,000	5,37,000	13,70,000
2. North-West Frontier	1,21,606	1,34,071	1,24,594	1,27,000	1,31,000	1,29,000
3. Other Provinces	14,46,683	4,28,180	4,74,273	5,49,000	5,43,000	4,82,000
Provincial.						
1. Central Provinces	2,17,062	1,70,623	1,53,878	6,69,000	3,98,000	4,77,000
2. Burma	1,88,776	88,778	1,36,147	71,000	88,000	88,000
3. Eastern Bengal and Assam	2,77,650	2,22,567	3,23,102	2,07,000	3,16,000	2,59,000
4. Bengal	8,63,605	5,87,964	6,24,688	5,83,000	6,60,000	7,42,000
5. United Provinces	2,26,425	3,20,149	3,05,320	2,43,000	2,71,000	2,54,000
6. Punjab	6,87,056	6,00,191	6,74,494	7,16,000	7,65,000	7,89,000
7. Madras	3,12,556	2,09,674	2,54,479	2,09,000	2,58,000	2,38,000
8. Bombay	75,920	1,13,423	75,548	1,00,000	1,00,000	98,000
TOTAL INDIA R	68,63,230	44,28,846	37,91,104	49,18,000	40,67,000	49,26,000
Equivalent in Sterling £	457,882	295,257	252,740	327,900	271,100	328,400
England . . £	21,065	8,755	32,386	13,000	15,000	16,600
TOTAL . £	478,947	304,012	285,126	340,900	286,100	345,000

128. Charges in connection with the remittance of Government treasure are Imperial in all provinces; so is the discount paid, or the premium levied, in connection with the sale of bills at treasuries and currency offices to facilitate trade remittances of funds. The only other important items of Imperial revenue and expenditure realised or incurred in the various provinces under this head are those of an extraordinary character exceeding R10,000 in amount.

EXPENDITURE.

(*a*) *India—Imperial.*

Revised, 1909-1910. 129. Important savings in the Budget estimate for the current year occur under remittance charges and in the reserve provision for special commissions of enquiry. In 1910-1911, an increased allotment has been made on account of the former item in the anticipation of a further improvement in trade conditions; and a reserve provision has again been made under the latter, mainly in view of the contemplated enquiry into the rise of prices.

Budget, 1910-1911.

(*b*) *India—Provincial.*

Revised, 1909-1910. 130. The total Revised estimate for the current year is R6·21 lakhs less than the Budget estimate. A considerable lapse has taken place in the United Provinces in the provision for *takavi* remissions; and a similar lapse of a much smaller magnitude in the Central Provinces. Important decreases also occur in Eastern Bengal and Assam owing to a smaller payment of contributions to district boards, in consequence of the taking over by Government of certain expenditure formerly incurred by them, and to the record under other heads of account of certain charges for which provision was made in the budget under this head; and in Bengal owing to savings in the provision for the special enquiries in connection with fisheries and other matters. On the other hand, there are large excesses over the Budget estimate in Burma, owing to the record under this head of certain charges for which provision was made under other heads; and in the Punjab, owing to higher expenditure on petty establishments and on miscellaneous contributions to district boards.

Budget, 1910-1911. 131. The total Budget for 1910-1911 is less than the Revised of the current year by R1·73 lakhs. Provision for increased expenditure has been made in the Central Provinces, in connection with *takavi* remissions; and in most of the other provinces, to allow for ordinary growth as well as for outlay of an unforeseen character. But they are more than counterbalanced by a decrease of R4·1 lakhs in the United Provinces caused by smaller provisions for *takavi* remissions and for contributions to district boards in consequence of the taking over by Government of certain expenditure hitherto incurred by them; and by a smaller decrease in the Punjab, due to the absence of special contributions paid to certain district boards during the current year.

(*c*) *England.*

132. The bulk of the variations between the Budget and the Revised estimates of 1909-10 and between the latter and the Budget of next year is explained by heavy refunds to contractors in the current year of fines incurred by them in 1908-09 in connection with the supply of stores.

REVENUE.

(*a*) *Imperial.*

Revised, 1909-1910. 133. The Budget for 1909-1910 included a special provision of R9 lakhs on account of the probable proceeds of the sale to the Calcutta Port Commissioners of certain lands belonging to the Government. The amount is not likely to be received during the current year and this explains the difference of R9·09 lakhs between the Budget and the Revised estimates. In Bombay the Budget provided for a special extraordinary receipt of R1·52 lakhs on account of the sale of the buildings and site of the St. Peter's School, Mazagaon. This has been omitted from the Revised as the property is not likely to be sold; but receipts of nearly the same amount are expected from profits on rents of Government lands vested in the City of Bombay Improvement Trust and from the sale of the Karachi Custom House building.

134. Provision has been made in the Budget for 1910-11, for the special receipt of 9 lakhs mentioned above, as well as for one of 1·11 lakhs in the United Provinces to be obtained from the sale of certain property in connection with a scheme for the amelioration of the position of the Benares branch of the ex-Royal family of Delhi. But owing mainly to the absence of the special receipts obtained in Bombay in the current year and to smaller recoveries of departmental charges in connection with the supply of stores to Provincial Governments and local bodies, the total Budget will be only 7·7 lakhs higher than the Revised of the current year. *Budget, 1910-1911.*

(*b*) *Provincial.*

135. A sum of R4·72 lakhs was provided in the Budget estimates of the Central Provinces for 1909-1910 as probable receipts from the sale of cloth manufactured for Government by weavers in receipt of relief during the last famine; but R2·2 lakhs are now expected to be received from this source in the current year, a further 3 lakhs being realised next year. The decrease in revenue in 1909-1910 is, however, more than counterbalanced by increases in other provinces; the more important of these occur in Eastern Bengal and Assam owing mainly to higher receipts from unclaimed deposits in courts, etc., and in Bengal owing to special receipts from the sale of the Jorabagan thana and of the fishery trawler "Golden Crown." The former transaction is expected to bring in 2 lakhs of which 1·4 will be received in 1910-1911. *Revised, 1909-1910.*

136. The total Budget for 1910-1911 does not materially differ from the Revised for the current year; and the only important items of a special character are those in Central Provinces and Bengal mentioned in the preceding paragraph. *Budget, 1910-1911.*

33 TO 36.—FAMINE RELIEF AND INSURANCE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
INDIA.						
Famine Relief { Imperial	6,97,142	62,58,442	86,25,475	14,37,000	7,29,000	...
Famine Relief { Provincial	4),64,724	30,75,487	62,55,702	1(,28,000	2,69,000	...
Construction of Protective Railways	51,626	98,415	1,048	3,00,000	2,22,000	5,00,000
Construction of Protective Irrigation Works	52,55,507	60,59,990	59,12,632	71,78,000	69,83,000	69,64,000
Reduction or Avoidance of Debt	49,85,746	37,50,000	37,50,000	44,34,000	65,80,000	75,00,000
TOTAL INDIA ₹	1,50,54,745	1,92,42,334	2,45,44,857	1,49,77,000	1,47,83,000	1,49,64,000
Equivalent in Sterling £	1,003,650	1,282,822	1,636,324	998,500	985,500	997,600
ENGLAND.						
Construction of Protective Irrigation Works	6,093	13,241	8,855	1,500	14,500	2,400
TOTAL INDIA AND ENGLAND	1,009,743	1,296,063	1,645,179	1,000,000	1,000,000	1,000,000

Revised, 1909-1910.

137. There is a satisfactory saving of ₹20·67 lakhs in the provision made in the Budget estimates of the current year for the actual relief of famine, owing to the earlier termination of relief operations in the afflicted districts in the two Bengals and in the United Provinces. A small lapse is also expected in the grant for the construction of Protective railways, owing to delay in the acquisition of land for the Dharmapuri-Hosur extension of the Morappur-Dharmapuri Railway. The amounts saved under both heads are added to the provision for the avoidance of debt, and the total grant under the group head remains unchanged.

Budget, 1910-1911.

138. In the Budget for 1910-1911, provision has been made as usual for a total grant of 150 lakhs under this group head. No portion of this will be required for actual famine relief expenditure; and the sum has been allotted in moieties for the construction of works which are likely to serve as a protection against famine, and for the avoidance of debt. It may be mentioned that half of the latter grant appears in the Provincial section of the estimates as a result of the arrangements explained in the Financial Statement for 1907-1908.

CONSTRUCTION OF PROTECTIVE WORKS.

Protective Railways, 1910-1911.

139. The whole of the grant for Protective Railways in 1910-1911 will be spent, as in the current year, on the construction of certain famine feeder lines in the Madras Presidency.

Protective Irrigation, 1910-1911.

The following table gives the distribution of the grant made in next year's Budget for the construction of protective irrigation works:—

	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
	₹	₹	₹
1. Central Provinces:			
(i) Tank projects	13,60,000	15,11,000	15,52,000
(ii) Other projects, etc.	2,40,000	1,90,000	2,23,000
2. Burma	31,000	17,000	15,000
3. Eastern Bengal and Assam	6,000	6,000	2,000
4. Bengal:			
(i) Tribeni Canal	6,89,000	8,99,000	8,10,000
(ii) Other projects, etc.	1,26,000	1,16,000	1,40,000
5. United Provinces:			
(i) Betwa Canal	2,89,000	4,59,000	65,000
(ii) Ken	3,16,000	1,72,000	4,18,000
(iii) Dassan	8,32,000	7,44,000	6,21,000
(iv) Other projects, etc.	4,93,000	1,90,000	5,39,000
6. Punjab	...	1,000	...
7. Madras	1,36,000	62,000	1,01,000
8. Bombay:			
(i) Godaveri Canal	14,01,000	21,14,000	15,31,000
(ii) Chankapur Tank	2,77,000	2,72,000	40,000
(iii) Pravara river project	5,00,000	3,56,000	8,40,000
(iv) Other projects, etc.	1,82,000	71,000	2,89,000
9. Minor administrations	22,000	20,000	14,000
Reserve provision, allowance for possible lapses in grants, etc.	3,00,000	...	—2,00,000
	72,00,000	72,00,000	70,00,000

140. The expenditure shown against "other projects, etc.," in some of the provinces, and the small amounts entered against the others, include expenditure on survey and investigation operations as well on the preparation and revision of famine relief programmes. As regards the more important projects, it will be seen that the whole of next year's grant has been allotted to works already undertaken. The Secretary of State has consented to larger allotments (up to a maximum of 100 lakhs) being made for Protective Irrigation works than the limits of the Famine grant allow, provided that the extra expenditure (which will be recorded under another head) does not have the effect of reducing the revenue surplus below one crore. Obviously it is impossible to take advantage of this arrangement in 1910-1911; and the initiation of such new schemes as the Tendula has had to be deferred until better times.

XXVI to XXVIII and 38 to 41—RAILWAY REVENUE ACCOUNT.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
STATE RAILWAYS—	R	R	R	R	R	R
Gross Receipts	38,67,16,172	40,94,54,163	40,19,98,315	43,77,36,000	42,92,47,000	44,61,85,000
Deduct:—						
Working Expenses	19,28,39,166	21,97,28,915	24,88,83,000	23,62,17,000	23,73,20,000	25,26,83,000
Surplus Profits paid to Companies, etc.	59,44,506	64,53,596	48,13,330	52,53,000	54,25,000	61,23,000
Net Receipts	18,79,32,500	18,32,71,652	14,83,01,985	19,62,66,000	18,65,02,000	18,73,79,000
Net Revenue equivalent at R15 = £1	£ 12,528,833	£ 12,218,110	£ 9,886,799	£ 13,084,400	£ 12,433,500	£ 12,491,900
Interest and capital redemption Charges—						
Interest on Debt	5,039,985	5,243,208	5,535,946	5,697,100	5,671,500	5,867,000
Annuities in purchase of Railways	2,869,366	2,869,335	3,268,132	3,357,800	3,357,800	3,357,800
Sinking Funds	148,896	154,058	159,491	165,100	165,200	171,200
Interest chargeable against companies on Advances	508,425	519,962	478,802	500,400	472,100	481,900
Interest on Capital deposited by Companies	1,409,022	1,461,146	1,649,196	1,834,200	1,905,900	2,020,300
	9,975,694	10,247,709	11,091,567	11,554,600	11,572,500	11,898,200
Net Result	2,553,139	1,970,401	—1,204,768	1,529,800	861,000	593,700
GUARANTEED RAILWAYS—						
Net Result	—227,652	—363,492	—13,704	...	1,600	600
Other Receipts	56,189	52,606	72,203	50,000	57,400	37,700
Other Charges	74,003	96,513	95,981	132,700	91,500	145,800
Net Result	—17,814	—43,907	—23,778	— 82,700	—34,100	—108,100
TOTAL NET RESULT	2,307,673	1,563,002	—1,242,250	1,447,100	828,500	486,200
Redemption of capital from revenue	603,239	623,495	719,659	760,400	760,400	788,600
STATISTICS—						
State Railways—						
Capital Expenditure to March 31—						
Expenditure by Government	156,199,185	166,932,832	171,952,226	177,493,932	176,436,492	188,295,226
Expenditure by Companies	43,375,393	43,330,223	43,887,369	47,618,323	46,195,802	48,543,902
Outlay on the East Indian Railway from Debentures raised by the Company	7,572,122	9,767,539	12,127,842	14,527,839	14,587,242	15,522,242
Outlay on the South Indian Railway by the Company	1,511,250	1,513,816	1,513,816	1,507,516	1,513,816	1,513,816
Outlay on the Bombay, Baroda and Central India Railway by the Company	...	...	959,364	959,400	959,364	959,364
Outlay on the Great Indian Peninsula Railway by the Company	...	...	958,880	958,900	958,880	2,621,380
TOTAL	208,657,950	221,544,410	231,399,497	243,065,910	240,651,596	257,455,930
Miles open on April 1	21,544	22,134	23,643	24,180	24,105	24,458
Guaranteed Railways—						
Miles open on April 1	904	905	...	...	...	...

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141. With the purchase of the Madras Railway on the 1st January 1908 the old guaranteed Railways ceased to exist, and the figures shown under 1909-1910 and 1910-1911 under this head in the preceding table represent certain arrear adjustments. The Gross Receipts and Working Expenses of State Railways include the following figures on account of the Jorhat Railway in Assam which is the only line whose transactions are recorded in the Provincial section of the accounts:—

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	Budget, 1909-1910.	Revised, 1909-1910.	Budget, 1910-1911.
Gross Receipts . .	86,196	98,874	99,592	1,00,000	1,02,000	1,05,000
Working Expenses .	89,102	90,157	80,960	99,000	99,000	85,000

NET TRAFFIC RECEIPTS.

Revised, 1909-1910. Gross Receipts.

142. The Budget estimates for the current year provided for a very considerable advance in the Gross Receipts of State Railways in the expectation that the seasons would be propitious and that there would be a revival in trade. The latter expectation has not been fully realised, and it is now apprehended that the receipts will fall short of the Budget by R84·89 lakhs. The more important decreases occur in the earnings of the East Indian and Bengal-Nagpur Railways, which have suffered by the depression in the coal market; of the Eastern Bengal Railway, owing to a short jute crop; and on the Rajputana-Malwa and Oudh and Rohilkhand Railways, owing to general depression in traffic. On the other hand, material improvements are expected in the earnings of the Great Indian Peninsula line and of the two other lines which traverse Southern India. The bumper wheat crop harvested in the Punjab last year has enabled the budget estimate for the North-Western Railway to be realised at the very high figure of 7 crores.

Revised, 1909-1910. Working Expenses.

143. In spite of the defect in the estimates of gross revenue, the total Working Expenses in 1909-1910 exceed the Budget grant by R11·03 lakhs. A considerable saving in the case of the East Indian Railway, caused by the fall in the traffic and larger debits to capital in connection with betterments, is almost wholly counterbalanced by an equally large increase under the North-Western Railway, a portion of which is due to unforeseen expenditure necessitated by flood damages and by the fire in the carriage shop at Lahore. Some saving in expenditure also occurs in the Oudh and Rohilkhand Railway, but in the case of none of the other lines is any decrease of expenditure expected to follow the decline in revenue. On the other hand, the Budget grants are likely to be exceeded on the Madras and Southern Mahratta line owing to increased receipts and necessary renewals of sleepers and repairs of flood damages; on the Burma line owing to re-laying of certain sections of the permanent-way and necessary improvements in station yards; on the Eastern Bengal line owing to outlay on the repairing of damages caused by the cyclone in October 1909; and on the Bombay, Baroda and Central India line owing to enhanced charges for coal and heavier repairs and renewals of rolling-stock.

Revised, 1909-1910. Payment of surplus, profits, etc.

144. Owing to the decline in the Net Receipts, important savings occur in the provision for the payment of surplus profits to the Bengal-Nagpur and East Indian lines; but these are more than counterbalanced by an increased payment of 12 lakhs to the Madras and Southern Mahratta Railway, the effect of the provisions of the new contract as well as of an improvement in the net revenue.

Budget, 1910-1911.

145. In the Budget of 1910-1911, provision has been made for a moderate increase of R169·38 lakhs in the Gross Receipts on the assumption that the agricultural conditions will be normal and that there will be a further revival of trade. Out of this R153·63 lakhs will, however, be required to meet increase in working expenses, and making some allowance for enhanced payment of surplus profits to Companies, etc., the improvement in Net Receipts will amount to 8·77 lakhs only.

146. The very large increase in Working Expenses is a direct result of the increasing demand on the part of the public for more efficient working and for a better service both for goods and passenger traffic; and is a necessary complement of the enhanced capital expenditure which is now being incurred with reference to this demand on the improvement of open lines. Owing to the uncertainty about the railway receipts, the Budget grants for the current year were

fixed with a close regard to economy, and the provision allowed for betterments was restricted; but with the revival in trade the Railway Board advise that it is no longer possible to wholly postpone such expenditure without impairing the value of the railway service. Large allotments have accordingly been made in the estimates for next year of most of the important lines, for the renewal with heavier rail of considerable lengths of permanent-way, for the strengthening of bridges and for renewals of rolling-stock.

INTEREST CHARGES.

147. The decrease in expenditure in 1909-1910, as compared with the Budget estimate, under Interest on Debt and under Interest charged against Companies on advances, is caused by lapses in capital grants and by the variation in the rate of interest charged on certain loan funds explained in paragraph 60. On the other hand, there is a larger increase in Interest on capital deposited by Companies; this is, however, caused not by any additional deposits of capital but by larger overdrafts of capital by certain Companies, and there is a corresponding increase under Interest receipts (*vide* paragraph 56). *Revised, 1909-1910.*

148. The increase in the total interest charge in 1910-1911 is a result of the growth in the capital cost of the railways. *Budget, 1910-1911.*

OTHER RECEIPTS.

149. The receipts shown under this head represent recoveries from the Travancore Darbar of its share of the loss on the Travancore Branch of the South Indian Railway; the Government share of the surplus profits of the Rohilkhand-Kumaon, Southern Punjab and Amritsar-Patti Railways payable under the terms of their respective contracts; dividends on certain shares of the Ahmedabad-Dholka Railway allotted to the Government in re-payment of expenditure incurred by it on behalf of the Railway; and sale-proceeds of land relinquished by Railway Companies. The decrease in 1910-1911 occurs mainly in the share of surplus profits of the Southern Punjab Railway.

OTHER CHARGES.

150. These consist of cost of land required by certain companies, the contracts with which provide for the free supply of all land wanted for the purposes of the railways undertaken by them, and of miscellaneous items such as surveys and controlling establishments (including the Railway Board). A share of the cost of control is charged to the working expenses of each railway company and the recoveries thus made are adjusted by deduction from the miscellaneous expenditure. The details are:—

		Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Imperial.					
1. Subsidised Companies—Land		10,19,065	14,60,000	7,85,000	16,48,000
2. Miscellaneous expenditure		2,93,969	5,20,000	5,48,000	5,12,000
Provincial.					
1. Subsidised Companies—Land		43,916	11,000	17,000	10,000
2. Miscellaneous expenditure (Surveys)		82,777	...	22,000	18,000
TOTAL	₹	14,39,727	19,91,000	13,72,000	21,88,000
	£	95,981	132,700	91,500	145,800

Land.—There is a considerable lapse in the Imperial Budget grant for the current year mainly in the provisions for the Kasur-Lodhran and Pandharpur-Miraj Railways. The principal allotments made in 1910-1911 are for the Jullundar-Doab and Bengal and North-Western Railways.

Miscellaneous Expenditure.—The figures show little variation and call for no remarks. The Budget for 1910-1911 is made up as follows:—

Allotment for Surveys	7,55,000
Charges of the Railway Board and other establishments	13,08,000
Deduct—Recoveries from Railway Companies on account of cost of supervision	—15,46,000
TOTAL	5,12,000

XXIX—XXX AND 42—43.—IRRIGATION.

Irrigation.	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911. Budget.
Major Works.	R	R	R	R	R	R
Revenue { Direct Receipts .	3,51,33,476	3,31,20,215	3,37,14,356	3,38,54,000	3,45,66,000	3,38,19,000
Revenue { Land Revenue .	1,51,04,710	1,56,97,989	1,63,65,668	1,61,79,000	1,69,21,000	1,69,42,000
Expenditure { Working Expenses	1,41,69,487	1,50,60,137	1,55,48,826	1,54,96,000	1,63,30,000	1,59,41,000
Expenditure { Interest .	1,24,26,488	1,30,88,523	1,36,25,073	1,44,21,000	1,43,29,000	1,50,84,000
Net Revenue in India R	2,36,42,211	2,05,79,544	2,09,06,125	2,01,16,000	2,08,28,000	1,97,36,000
Equivalent in Sterling £	1,576,147	1,371,970	1,393,741	1,341,000	1,388,600	1,315,700
Expenditure in England (Interest) £	106,798	108,344	108,989	112,100	110,600	111,700
Net Revenue £	1,469,349	1,263,626	1,284,752	1,228,900	1,278,000	1,204,000
Minor Works.						
Receipts—Direct .	27,55,575	34,80,677	32,90,007	32,22,000	34,71,000	33,03,000
Expenditure . .	1,28,53,470	1,27,37,946	1,34,28,947	1,38,17,000	1,37,82,000	1,38,92,000
Net Expenditure R	1,00,97,895	92,57,269	1,01,38,940	1,05,95,000	1,03,11,000	1,05,89,000
Equivalent in Sterling £	673,193	617,151	675,929	706,300	687,400	705,900
Statistics of Major Works.						
Capital Outlay to March 31 . R	41,64,72,915	44,04,01,069	46,10,84,886	48,28,43,069	48,38,70,886	50,75,69,886
Equivalent in Sterling £	27,764,861	29,360,071	30,738,992	32,189,538	32,258,059	33,837,992

General Result.

Major Irrigation.

151. Taking India as a whole, the net financial result of the working of the Major Irrigation Works in 1909-1910 will be better than the Budget forecast by £49,100 (7·36 lakhs). There is an improvement of R7·12 lakhs in the Direct Receipts and of R7·42 lakhs in the share of Land Revenue, but R7·2 lakhs of this are required to meet increase in expenditure. A diminution of R11·1 lakhs in the net profit is likely to take place next year. Allowance has been made for a possible falling-off of R7·26 lakhs in the Gross Revenue; and though the provision for Working Expenses is taken at R3·89 lakhs less than the current year's expenditure, there is a large growth of R7·73 lakhs in the interest charges in consequence of the considerable outlay now being incurred on new projects in the Punjab and elsewhere, the benefits of which will not be realised for some time to come.

Minor Irrigation.

The net result under Minor Irrigation works in 1909-1910 is slightly better than the Budget estimate owing to some improvement in revenue and a small saving in the expenditure; the estimate for next year is nearly the same as the Budget of the current year.

152. The figures for Land Revenue due to Irrigation have already been examined in paragraphs 5 to 8 along with those for Land Revenue proper. The details of the other heads are exhibited in the following tables.

MAJOR WORKS.

Direct Receipts.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Imperial.						
1. Central Provinces .	1,193	10,958	34,638	40,000	45,000	80,000
2. Burma . . .	3,58,806	6,59,749	5,91,688	8,17,000	10,45,000	9,52,000
3. United Provinces .	2,63,612	2,11,431	1,25,727	3,30,000	3,54,000	4,93,000
4. North-West Frontier	5,12,330	6,58,637	7,20,259	7,35,000	7,70,000	7,25,000
5. Madras . . .	4,05,382	5,00,467	...	...	...	...
	15,41,323	20,41,242	14,72,312	19,22,000	22,14,000	22,50,000
Divided and Provincial.						
1. Bengal . . .	22,97,528	23,80,950	26,33,820	24,36,000	27,08,000	25,92,000
2. United Provinces .	1,04,36,932	96,28,144	94,71,901	88,94,000	87,80,000	89,95,000
3. Punjab . . .	1,99,37,688	1,79,45,877	1,86,79,549	1,90,70,000	1,92,39,000	1,83,75,000
4. Madras . . .	...	...	4,73,820	4,92,000	4,65,000	4,69,000
5. Bombay . . .	9,20,005	11,24,002	9,82,954	10,40,000	11,60,000	11,38,000
	3,35,92,153	3,10,78,973	3,22,42,044	3,19,32,000	3,23,52,000	3,15,69,000
TOTAL ₹	3,51,33,476	3,31,20,215	3,37,14,356	3,38,54,000	3,45,66,000	3,38,19,000
Equivalent in Sterling £	2,342,231	2,208,014	2,247,624	2,256,900	2,304,400	2,254,600

WORKING EXPENSES.

Imperial						
1. India General (Reserve Provision) .	...	...	...	1,03,000	...	1,28,000
2. Central Provinces .	4,502	12,889	23,181	30,000	30,000	35,000
3. Burma . . .	1,33,139	2,00,866	2,01,983	2,24,000	2,17,000	2,32,000
4. United Provinces .	1,08,053	1,73,162	2,02,978	2,24,000	2,24,000	2,65,000
5. North-West Frontier	1,13,839	2,26,120	2,12,192	2,00,000	2,50,000	1,82,000
6. Madras . . .	16,87,818	19,12,570	...	...	...	...
	20,47,351	25,25,607	6,40,334	7,81,000	7,21,000	8,42,000
Divided and Provincial.						
1. Bengal . . .	11,88,907	14,25,201	13,97,147	13,44,000	13,81,000	13,50,000
2. United Provinces .	32,65,011	32,31,350	33,04,066	34,04,000	34,99,000	33,51,000
3. Punjab . . .	66,42,432	67,98,875	69,07,873	67,05,000	74,77,000	68,76,000
4. Madras . . .	...	...	21,24,692	22,00,000	22,00,000	22,54,000
5. Bombay . . .	10,25,786	10,79,104	11,74,714	10,62,000	10,52,000	12,68,000
	1,21,22,136	1,25,34,530	1,49,08,492	1,47,15,000	1,56,09,000	1,50,99,000
Total . ₹	1,41,69,487	1,50,60,137	1,55,48,826	1,54,96,000	1,63,30,000	1,59,41,000
Equivalent in sterling £	944,632	1,004,009	1,036,589	1,033,100	1,088,700	1,062,800

The Imperial figures shown against the United Provinces represent the transactions of the Betwa, Ken and Dassan canals.

DIRECT RECEIPTS.

Imperial.

Revised, 1909-1910.

153. The improvement over the Budget estimate in 1909-10 occurs mainly in Burma and is caused by the opening of new distributaries on the Mandalay canal

Budget, 1910-1911. and collection of arrears on the Shewbo canal. The total Budget for next year is about the same as the Revised for 1909-10; a decrease in the receipts in Burma, caused by the absence of the special arrears realized in the current year, and in the Frontier province, owing to an expected fall in the revenue of the Lower Swat canal, is more than counterbalanced by increases in the United Provinces in consequence of an anticipated development of the Betwa and Ken canals, and in the Central Provinces where the large works now under construction are nearing completion.

Divided and Provincial.

Revised, 1909-1910. 154. The total Revised for 1909-10 exceeds the Budget by R4·2 lakhs, the increase being the net result of a number of variations in the several provinces. There is an improvement of R2·72 lakhs in Bengal, mostly in the receipts of the Sone canal, due to an increase in the *rabi* area irrigated in 1908-1909, as well as in that brought under lease under enhanced rates. Smaller increases occur in the Punjab and Bombay owing to greater demand for water, recovery of arrears and other causes; but on the other hand there is a decrease in the United Provinces where the extremely favourable character of the last monsoon curtailed the demand for water for *kharif* millets.

Budget, 1910-1911. 155. The Budget for next year is R7·83 lakhs lower than the Revised of the current year. A large falling-off of 8·64 lakhs is anticipated in the Punjab owing chiefly to the probable disappearance of owner's rate in the Delhi Division; and variations of less importance occur in all the other provinces where provision has generally been made for normal receipts.

Working Expenses.

Imperial.

156. The variations between the Budget and Revised estimates of the current year and between the latter and the Budget of 1910-1911 are mainly caused by the reserve provision entered under India General, which is allotted during the course of the year to meet necessary Imperial expenditure in excess of the Budget grant in the several provinces.

Divided and Provincial.

Revised, 1909-1910. 157. The total expenditure in the current year exceeds the Budget by R8·94 lakhs. Almost the whole of the excess occurs in the Punjab (R7·72 lakhs) and in the United Provinces (R·95 lakh) in both of which necessary repairs of *Budget, 1910-1911.* flood damages and protective works had to be carried out which were not anticipated in the Budget. The total grant for next year is R5·1 lakhs less than the Revised for 1909-1910. Provision has been made in the Punjab and in the United Provinces for a normal scale of expenditure, but a larger programme of extensions and improvements is contemplated in Bombay.

MINOR WORKS AND NAVIGATION.

Revenue.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Imperial.						
1. India General	1,12,792	65,320	37,402	59,000	72,000	63,000
2. Punjab	7,30,485	7,28,018	6,35,982	6,30,000	8,00,000	6,35,000
3. North-West Frontier	1,23,432	...	...	...	...	...
Divided and Provincial.						
1. Central Provinces	3,810	7,917	21,138	25,000	20,000	37,000
2. Burma	2,29,586	11,96,877	10,98,434	10,85,000	11,00,000	10,85,000
3. Eastern Bengal and Assam	119	132	127	...	...	...
4. Bengal	7,79,187	7,59,999	6,81,613	7,40,000	6,86,000	7,57,000
5. United Provinces	2,50,342	1,20,941	1,62,215	1,36,000	1,63,000	1,02,000
6. Punjab	55,844	45,181	39,200	41,000	53,000	57,000
7. Madras	1,67,822	1,91,208	2,09,090	1,72,000	2,17,000	1,95,000
8. Bombay	3,02,156	3,65,084	4,04,806	3,34,000	3,60,000	3,12,000
TOTAL . R	27,55,575	34,80,677	32,90,007	32,22,000	34,71,000	33,03,000
Equivalent in Sterling £	183,705	232,045	219,334	214,800	231,400	220,200

Expenditure.

Imperial.						
1. India General	2,22,360	2,27,841	3,41,966	8,42,000	4,06,000	8,97,000
2. Punjab	9,43,087	10,06,530	10,86,050	9,50,000	10,05,000	9,50,000
3. North-West Frontier	2,10,974	39,315	32,930	86,000	66,000	60,000
Divided and Provincial.						
1. Central Provinces	3,37,941	4,80,011	5,57,337	5,00,000	5,00,000	6,00,000
2. Burma	13,80,547	13,56,438	14,69,007	12,70,000	12,00,000	13,00,000
3. Eastern Bengal and Assam	64,301	72,693	57,208	1,11,000	1,36,000	1,11,000
4. Bengal	19,16,942	18,89,894	20,43,172	21,40,000	21,61,000	22,05,000
5. United Provinces	7,11,008	5,50,541	6,76,287	5,22,000	6,07,000	4,29,000
6. Punjab	60,869	76,217	91,332	86,000	78,000	84,000
7. Madras	42,47,152	39,99,294	38,11,129	42,00,000	41,53,000	42,04,000
8. Bombay	27,58,289	30,39,172	32,62,529	31,10,000	34,70,000	30,52,000
TOTAL . R	1,28,53,470	1,27,37,946	1,34,28,947	1,38,17,000	1,37,82,000	1,38,92,000
Equivalent in Sterling £	856,898	849,196	895,263	921,100	918,800	926,100

REVENUE.

158. The increase in the Revised over the Budget Estimate of the current year is caused mainly by an unexpected improvement in the receipts of the Punjab canals whose transactions are recorded in the Imperial section of the accounts. For next year, the revenue from these canals has been taken at a normal figure and this chiefly accounts for the reduction in the Budget of 1910-1911 as compared with the Revised of 1909-1910. *Revised, 1909-1910.* *Budget, 1910-1911.*

EXPENDITURE.

(*a*) *Wholly Imperial.*

159. The Budget Estimate of the current year included the usual grant of R5 lakhs in aid of special expenditure entailed by the recommendations of the Irrigation Commission, and a reserve provision of R1 lakh to meet unforeseen *Revised 1909-1910.*

requirements. A portion of the special grant is being spent on the Nar Nallah scheme in Baluchistan. But R2 lakhs have been allotted to the Government of the United Provinces for tank restoration works and placed at its credit by an assignment of Land Revenue (*vide* paragraph 12); and R1·8 lakhs out of both grants are being used to meet the Imperial share of expenditure in excess of Budget grant in Bombay where the charges (as well as the receipts) under the head are divided in moieties between Imperial and Provincial. These causes mainly account for the decrease of R4·01 lakhs in the Revised Estimate of the current year, as compared with the Budget.

Budget, 1910-1911.

160. The Estimates for 1910-1911 exceed the Revised for the current year by 4·30 lakhs. Allowance has been made for the special grant of R5 lakhs and a reserve of R1·5 lakhs, but no provision exists for the Nar Nallah scheme, as an allotment will be made for it later in the year from the special grant.

(*b*) *Divided and Provincial.*

Revised, 1909-1910.

161. The excess of R3·66 lakhs over the Budget grant of 1909-1910 occurs mainly in Bombay and is caused by large outlay on urgent river embankment works and special repairs rendered necessary by the severe erosion of the Indus on its right and left banks. In the United Provinces, the expenditure on tank restoration works out of the special Imperial assignment is counterbalanced to a great extent by savings in ordinary grants.

Budget, 1910-1911.

162. The total Budget for 1910-1911 is R3·20 lakhs less than the Revised for the current year. Large decreases occur in Bombay and in the United Provinces owing to the absence of the special expenditure incurred in the current year. On the other hand, a more active programme is contemplated in the Central Provinces and in Burma.

44.—CONSTRUCTION OF RAILWAYS CHARGED TO PROVINCIAL REVENUES.

		Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
Provincial.							
Eastern Bengal and Assam . .	R	13,132	8,286	6,235	14,000	23,000	4,000
	£	895	553	415	900	1,500	300

163. The charges represent capital outlay in connection with the Jorhat Railway, and are unimportant in character.

LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY

XXXI and 45. CIVIL WORKS.

EXPENDITURE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
IMPERIAL.						
1. India General	30,50,392	34,12,587	42,17,589	38,67,000	30,27,000	40,26,000
2. North-West Frontier	16,00,248	18,11,903	21,42,997	20,36,000	22,32,000	18,34,000
3. Other Provinces	51,55,078	58,64,674	41,41,528	48,93,000	37,25,000	40,77,000
PROVINCIAL.						
1. Central Provinces	51,22,675	61,14,418	67,61,314	60,59,000	60,59,000	61,98,000
2. Burma	1,11,34,167	1,12,13,715	91,46,868	69,20,000	69,82,000	84,53,000
3. Eastern Bengal and Assam	54,01,957	64,88,989	70,80,970	58,50,000	64,34,000	65,86,000
4. Bengal	81,90,090	88,39,222	80,23,375	69,96,000	65,86,000	73,86,000
5. United Provinces	56,16,327	54,53,039	55,55,491	57,40,000	61,97,000	64,66,000
6. Punjab	55,91,534	53,19,456	50,43,732	50,73,000	52,79,000	58,36,000
7. Madras	64,67,434	65,90,332	62,48,767	72,56,000	68,38,000	89,38,000
8. Bombay	70,18,576	81,46,474	78,74,693	77,96,000	78,14,000	73,46,000
TOTAL INDIA . R	6,43,48,478	6,92,54,809	6,62,37,324	6,24,86,000	6,11,73,000	6,71,46,000
Equivalent in Sterling . £	4,289,899	4,616,988	4,415,822	4,165,800	4,078,200	4,476,400
England . . . . £	68,758	68,102	80,105	76,500	84,500	79,300
TOTAL .	4,358,657	4,685,090	4,495,927	4,242,300	4,162,700	4,555,700

REVENUE.

	Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
IMPERIAL.						
1. India	89,158	85,973	97,788	5,08,000	1,13,000	6,26,000
2. North-West Frontier	1,46,002	1,46,318	1,24,186	1,34,000	1,36,000	1,37,000
3. Other Provinces	1,86,175	63,269	1,99,968	1,80,000	2,50,000	2,05,000
PROVINCIAL.						
1. Central Provinces	2,98,007	3,99,531	4,27,537	6,53,000	5,62,000	6,01,000
2. Burma	3,00,440	3,15,737	7,10,320	3,40,000	3,41,000	3,41,000
3. Eastern Bengal and Assam	2,45,690	2,70,963	2,89,510	2,81,000	3,22,000	3,12,000
4. Bengal	5,11,859	5,20,731	5,31,386	5,35,000	5,25,000	5,35,000
5. United Provinces	3,17,134	3,00,988	3,35,912	2,95,000	3,24,000	3,13,000
6. Punjab	8,70,130	6,21,904	6,30,808	5,90,000	6,16,000	6,41,000
7. Madras	2,41,169	1,80,156	2,14,886	1,88,000	2,27,000	2,18,000
8. Bombay	7,60,047	8,06,285	7,56,771	7,07,000	6,69,000	6,02,000
Total India . R	39,65,811	37,11,855	43,19,072	44,11,000	40,85,000	45,31,000
Equivalent in Sterling £	264,387	247,457	287,938	294,100	272,300	302,100
England . £	23,476	1,609	...	...	...	...
TOTAL . £	287,863	249,066	287,938	294,100	272,300	302,100

164. The Imperial revenue and expenditure shown against "Other Provinces" represent the transactions in connection with the buildings of the various departments (*e.g.*, Salt, Customs, etc.) whose receipts and charges are wholly Imperial,

EXPENDITURE.

(*a*) *India (Imperial) and England.*

165. A very considerable lapse of R16·92 lakhs occurs in the Budget Estimate of the current year, mainly in the reserve provision for unforeseen requirements and in the allotments made for Imperial buildings in Burma, Eastern Bengal and Assam, Bengal and Punjab. In 1910-1911 the total Imperial grant has been fixed at R100 lakhs, exclusive of R3·37 lakhs allotted for petty expenditure incurred in the Civil Department in the several minor administrations and R7·9 lakhs to be spent by the Baluchistan administration. The purposes to which this grant will be applied are shown below :— *Revised, 1909-1910.*

	R
1. Establishment, tools and plant	17,96,000
2. Repairs	23,70,000
3. Works in progress	21,40,000
4. New works :—	
(*a*) costing up to R5,000	8,55,000
(*b*) costing more than R5,000	13,81,000
5. Payments in England on stores, furlough allowances, etc.	10,98,000
6. Reserve provision for archæological expenditure	1,00,000
7. Reserve provision for other unforeseen expenditure	2,60,000
	1,00,00,000

166. The following is a list of the new works and works in progress on which it is probable that allotments of 1 lakh or more will be made in the ensuing year.

Provinces.	Name of work.	Amount of grant.
		R
Central India	New Daly College, Indore	1,20,000
Eastern Bengal and Assam	New Salt golahs at Chittagong	1,50,000
Bengal	Extension of the Central Telegraph Office building, Calcutta	1,10,000
	New Secretariat for the Department of Commerce and Industry, Calcutta	3,50,000
	Reconstruction of the Government Central Press building at No. 166 Dharamtala Street, Calcutta	1,75,000
Bombay	New Custom House, Karachi	1,00,000
	New General Post Office, Bombay	2,50,000

Provincial.

167. The Revised estimate shows a total increase of R4·99 lakhs over the Budget of the current year. Certain expenditure incurred in the Civil Department, mainly on contributions to municipalities and district and local boards in connection with roads, buildings and miscellaneous public improvements (*e.g.*, drainage, water supply, etc.), is recorded under this head; and the amount of such expenditure in 1909-1910 will fall short of the Budget by R12·29 lakhs. Of this R10·52 lakhs occurs in the two Bengals and is chiefly due to two causes, *viz.*, firstly, smaller payment of contributions to District Boards, and secondly, the record under appropriate heads of certain special contributions for which provision was made here in the Budget. There is also a saving of R2·81 lakhs in Madras, owing mainly to the inability of the Madras Corporation to fully utilise the grant of R6 lakhs for water supply and drainage works; but this is partly counterbalanced by excess expenditure in other provinces. *Revised, 1909-1910.*

168. The expenditure in 1909-1910 on roads and buildings in the Public Works Department exceeds the Budget by R17·28 lakhs and this excess is shared by all the provinces with the exception of Madras where there is a small

lapse in the Budget grant. Owing to the unfavourable position of their provincial finances, the Governments of almost all these provinces were compelled to restrict very considerably the grants made on this account in the current year's Budget; and they have appropriated to Civil Works expenditure any net savings in the grants under the other heads, as well any sums that have been available owing to an improvement in their resources. The largest increase occurs in Eastern Bengal and Assam where considerable outlay is being incurred in connection with the laying out of the new headquarters at Dacca.

Budget, 1910-1911.

169. In 1910-1911, Madras proposes to spend about 20 lakhs from its heavy accumulation of balances. Otherwise the grants have been fixed with reference to the condition of the provincial balances; and but for the special Imperial assignments given in the current year, the programme in the Central Provinces and Bengal would have to be cut down substantially below the normal scale. The total increase over the Revised estimate of the current year amounts to R50·2 lakhs. Of this R26·61 lakhs occur in the Civil Department and are chiefly due to provisions for a contribution of R15 lakhs to the Rangoon Port Trust in connection with the river training scheme (of which R10 lakhs will be met from the special Imperial assignment made in the current year), for a grant of R5 lakhs to the Madras Port Trust and an increased grant of R4 lakhs to the Madras Municipality; and for a lump allotment of R1 lakh in the Punjab for expenditure that may be necessitated at Dera Ghazi Khan. The increased provision for departmental expenditure therefore amounts to R23·59 lakhs; and this is distributed among all the provinces with the exception of Burma where the state of the provincial balances does not permit of a higher scale of expenditure than in the current year, and in Bombay where a smaller programme of new works is contemplated. The increase is largest in Madras (R11·11 lakhs), where it is proposed to utilise a portion of the heavy accumulation of balances in undertaking a more active programme of Civil Works with reference to the recommendation of the Finance Committee. The other important increases occur in Bengal where the expenditure in the current year had to be badly stinted owing to want of funds; in the United Provinces where work in connection with the Medical College at Lucknow will be commenced; and in the Punjab owing to larger allotments for town improvement works in the new colonies and for other purposes.

Revenue.

170. Under Imperial the decrease of R3·23 lakhs in the Revised as compared with the Budget Estimate of the current year is chiefly caused by the postponement to next year of the sale of the investments in connection with Mr. Phipp's donation to the Agricultural and Research Institute at Pusa; and the increase of R4·69 lakhs in next year's revenue is due to the same cause as well as to the sale of certain Imperial buildings. The variations in the Provincial figures are unimportant and call for no remarks.

XXXII and 46.—ARMY.

	Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
EXPENDITURE.						
INDIA—	R	R	R	R	R	R
Effective Services—						
Administration	64,57,256	64,84,829	64,77,619	65,26,160	65,31,000	66,58,780
Military Accounts	21,61,026	21,55,583	23,80,509	26,04,080	26,28,000	28,81,670
Regimental Pay, etc.	11,35,70,152	11,39,85,404	11,54,94,353	12,24,67,180	12,21,27,000	12,41,48,690
Supply and Transport	3,44,92,964	3,21,50,189	3,34,24,479	3,28,83,900	3,27,59,000	3,28,39,640
Veterinary	4,43,792	4,04,341	4,49,102	4,75,210	4,69,000	4,85,700
Clothing	17,86,235	18,09,802	18,29,942	14,93,670	15,03,000	17,51,270
Remounts	60,57,866	51,59,361	57,55,.00	55,02,900	53,08,000	59,53,610
Medical Services	63,64,372	61,02,526	59,17,072	59,34,570	58,77,000	59,86,770
Medical Stores	4,17,049	5,95,536	4,85,182	4,89,270	4,93,000	4,70,390
Ordnance	1,24,61,639	1,20,90,053	1,17,89,944	1,05,32,350	1,02,48,000	99,08,320
Ecclesiastical	4,11,786	4,27,114	4,17,001	4,44,310	4,24,000	4,33,830
Education	11,36,196	12,25,437	12,15,280	13,52,980	11,94,000	13,69,050
Compensation for food, etc.	51,39,740	63,11,017	86,00,224	76,20,210	63,43,000	60,00,020
Miscellaneous Services	27,09,561	24,27,805	35,18,033	13,29,620	15,61,000	18,92,690
Hutting	10,52,079	6,59,700	8,43,070	5,37,830	7,46,000	5,62,700
Conveyance by road, river and sea	13,30,103	10,73,208	9,11,765	10,47,470	9,21,000	10,92,770
Conveyance by rail	50,09,269	44,14,775	39,16,297	34,37,620	38,89,000	53,18,420
Cantonments	7,65,618	13,08,103	13,28,994	11,49,580	13,04,000	13,29,500
Unadjusted Expenditure	1,41,717	2,17,278	−77,847	...	...	...
TOTAL	20,19,69,620	19,97,88,207	20,46,86,485	20,58,89,000	20,43,85,000	20,91,46,000
Non-effective Services—	1,01,16,965	98,91,248	1,01,51,545	1,00,68,000	1,01,72,000	1,04,55,000
TOTAL INDIA	21,20,86,585	20,96,79,455	21,48,38,030	21,59,57,000	21,45,57,000	21,96,01,000
	£	£	£	£	£	£
Equivalent in sterling	14,139,105	13,978,630	14,322,536	14,397,100	14,303,800	14,640,100
ENGLAND—						
Effective Services—						
Payments to War Office for British Forces	654,187	630,829	901,498	955,200	911,100	938,700
Furlough allowances, etc., British Forces	144,253	140,431	144,003	150,000	151,000	153,000
Furlough Allowances, Indian Service	313,521	341,783	354,.81	360,000	350,000	350,000
Indian Troop Service	361,715	341,122	327,388	316,700	276,900	304,300
Other heads	46,193	112,745	52,979	43,000	40,100	43,500
Clothing Stores	202,055	209,403	188,885	166,600	110,800	118,200
Ordnance and Miscellaneous Stores	1,264,531	338,368	310,873	334,700	192,100	304,800
Medical Stores	52,612	58,322	56,729	98,500	78,000	80,400
Supply and Transport Stores	53,833	45,227	48,700	39,900	39,900	36,500
Special Service	...	...	...	...	24,900	28,000
TOTAL	3,092,900	2,218,290	2,385,336	2,464,600	2,174,800	2,357,400
Non-effective Services—						
Payments to War Office for British Forces	772,680	816,586	822,450	865,000	859,500	900,000
Pensions, Indian Service	1,499,954	1,471,685	1,476,771	1,450,000	1,440,000	1,420,000
Other Heads	153,206	162,342	170,173	174,200	169,900	171,000
TOTAL	2,425,840	2,450,613	2,469,394	2,489,200	2,469,400	2,491,000
TOTAL ENGLAND £	5,518,740	4,668,903	4,854,730	4,953,800	4,644,200	4,848,400
TOTAL EXPENDITURE £	19,657,845	18,647,533	19,177,266	19,350,900	18,948,000	19,488,500
RECEIPTS.	R	R	R	R	R	R
India	1,11,83,628	92,48,424	78,06,570	76,90,000	80,19,000	88,43,000
	£	£	£	£	£	£
Equivalent in sterling	745,575	616,562	520,438	512,700	534,600	589,500
England	471,994	405,917	342,501	414,200	402,700	419,900
TOTAL RECEIPTS £	1,217,569	1,022,479	862,939	926,900	937,300	1,009,400
TOTAL NET EXPENDITURE £	18,440,276	17,625,054	18,314,327	18,424,000	18,010,700	18,479,100

Revised, 1909-10.

Revised, 1909-10, compared with Budget, 1909-10.

171. The Revised anticipates an expenditure in India of R21,45·57 lakhs (£14,303,800) as compared with the budget provision of R21,59·57 lakhs (£14,397,100), the expected saving being R14·00 lakhs (£93,300).

Expenditure.

India.

172. The most important reduction (R14·76 lakhs) occurs under the charges for food supplies and compensation for dearness of food and forage, and is due to a good monsoon followed by a marked improvement in prices. The replacement of service pay by proficiency pay is producing a progressively increasing saving, which accounts for a reduction of R3·50 lakhs in the current year. Ordnance expenditure in India has fallen by R2·84 lakhs. A reduction of R1·82 lakhs under telegrams is apparently due to the introduction of the revised rates. On the other hand there is a considerable increase (R2·05 lakhs) in the pension charges for Indian troops; also some growth (R·75 lakh), which appears to be continuous, in the expenditure connected with the Volunteer force. Conveyance charges exhibit an increase of R2·89 lakhs partly owing to the enhancement of 1st and 2nd class fares on certain railways. Two further items of increase, namely, R2·80 lakhs on account of the clothing allowance for British troops and R3·15 lakhs in the charges for grass and dairy farms, are to a large extent balanced by corresponding receipts. The net effect of these increases and decreases is a saving of R11·28 lakhs (£75,200).

173. Three special additions to the year's expenditure aggregating R6·13 lakhs (£40,900)may also be mentioned, namely:—

(1) the bonus (R1·04 lakhs) of a week's pay to the lower-paid Government servants which was given in connection with the 50th anniversary of the transfer of India to the Crown;

(2) an increase (R2·08 lakhs) in the hutting grant (*i.e.*, the allotment for the repair and construction of Indian Infantry lines); and

(3) an anticipated expenditure in India of R3·01 lakhs in connection with the arms traffic operations now in progress.

174. Many of the variations represent ordinary fluctuations and to a large extent cancel one another. Thus, there is an excess of R3·50 lakhs in the charges for pay and allowances of regimental officers, and of R1·02 lakhs in the expenditure on fuel, lighting and petty supplies. The principal decreases arise from reduced charges for Indian Army recruits (R2·50 lakhs), savings due to short strength of the Supply and Transport personnel (R2·50 lakhs), reduced charges for the supply and maintenance of peace stores (R1·55 lakhs), and short expenditure on the personnel of ammunition columns (R1·42 lakhs) which were not fully brought up to strength during the year. The net effect of the particular fluctuations here mentioned is a decrease of R3·45 lakhs (£23,000).

Home.

175. Under Home expenditure a decrease of £309,600 is anticipated, the total expenditure assumed being £4,644,200 as compared with the budget provision of £4,953,800. The estimate allows for the expenditure at Home of £24,900 in connection with the arms traffic operations. The largest lapses occur under the following heads:—

	Saving in 1909-10. £
(1) Stores	218,900
(2) Payments to War Office in respect of British Forces serving in India	44,100
(3) Indian Troop Service	39,800
(4) Furlough allowances of Indian Service Officers	10,000
(5) Retired pay of Indian Service Officers	10,000

176. A part of the lapse under Stores is due to advance payments in 1908-09 and to the postponement of others to 1910-11. A part is explained by the re-examination in India of estimates and requirements under Ordnance and Clothing stores, these having been overstated in the original Budget. The savings under items (2) and (4) represent ordinary fluctuations. A large part (£24,000) of the saving under the Indian Troop Service is a definite economy, arising from the employment of the R.I.M.S. *Dufferin* for one voyage to and from England in place of a hired transport. It is hoped that this experiment may be extended to two voyages in the following

year. There is a relatively small set-off to this economy in additional expenditure (Army and Marine) in India. The charges for retired pay of Indian Service officers are at present on a gradually descending scale.

Receipts. *India and Home.*

177. The Revised estimate anticipates an improvement under receipts of ₹1·57 lakhs (£10,400). The increase is mainly due to the new clothing allowance scheme for British troops, already referred to, under which the soldier receives an allowance for clothing which was previously supplied in kind, and makes an actual payment to the clothing factory for articles of wear obtained from it.

Net expenditure.

178. Thus the net expenditure of the year is expected to be £413,300 below the Budget estimate. The improvement may be regarded broadly as due to a saving of nearly £100,000 under food charges; and to large savings at Home, mainly under stores.

Schedule Expenditure.

179. No separate reference has yet been made to the Schedule expenditure which is merged in the above figures. As was explained by the Finance Member in paragraph 44 of the Financial Statement for 1909-10, the Special Grant originally instituted in connection with the Reorganization and Redistribution schemes was abolished with effect from the 1st April 1909, and the Government of India practically reverted to the system in force prior to 1904-05. Under this system a schedule is prepared of important measures to be undertaken in the following year, *i.e.*, of schemes the cost of which exceeds a certain limit, now placed at ₹50,000. In the case of a new measure the Schedule includes the total expenditure to be incurred during the year. In the case of one already in progress the Schedule states the new initial expenditure to be incurred and the further increment of recurring expenditure in excess of that attained by the end of the previous year. It thus indicates the extent to which the Budget provides for further outlay on large undertakings.

180. The total Schedule provision for Army expenditure in the Budget of 1909-10 was ₹33·25 lakhs (£221,700), but it is anticipated that the actuals will only amount to ₹27·35 lakhs (£182,300), practically the whole saving of £39,400 being due to the reduction of Home store demands, already referred to, by £38,000 in connection with the Schedule measure: Re-armament of Horse and Field Artillery.

The greater part of the Schedule provision has been applied to the following measures already in progress:—

	Expenditure in 1909-10.	
	Lakhs.	Equivalent in
	₹	£
(1) Increase of reserve of rifles	·70	4,700
(2) Addition of 8 new Royal Horse and Field Artillery Ammunition Columns	11·72	78,100
(3) Re-armament of the Royal Horse and Field Artillery with quick-firing guns	4·02	26,800
(4) Increase of the Indian Army Reserve	2·42	16,100
(5) Establishment of Sargodha young stock depôt	1·31	8,700
(6) Extension of dairies	·53	3,500
(7) Revision of the medical and surgical equipment of field hospitals	·63	4,200
(8) Reconstruction of accommodation for Indian troops at Bannu and Sialkot	1·42	9,500

Budget, 1910-11.

Budget, 1910-11, compared with Revised, 1909-10.

181. The Budget for 1910-11 may first be compared with the Revised for 1909-10.

Expenditure. *India.*

The Indian expenditure anticipated in the coming year is ₹21,96·01 lakhs (£14,640,100) against ₹21,45·57 lakhs (£14,303,800) in the Revised, or an increase of ₹50·44 lakhs (£336,300). The Budget figure under Army, India, should, however, be increased by ₹1·43 lakhs as a result of several correcting entries involving transfers between the Indian and the Home estimates. The real increase proposed in Indian expenditure is thus ₹51·87 lakhs (£345,800).

182. The main cause of increase is the additional provision (₹15·87 lakhs) required under conveyance charges. The Railway Companies have intimated that they will withdraw, with effect from the 1st January 1910, from their

adherence to the revised rates for military traffic which were provisionally introduced on the 1st January 1908, and have asked the Government of India to agree to certain enhancements. The question is still under examination; but it has been thought necessary to provide for the contingency and an addition of R13·00 lakhs has been made on this account.

An additional provision of R1·30 lakhs has been made to meet the further growth of pension charges. The allotment for the purchase of mules was restricted in 1909-10 below the normal and R5·28 lakhs more has been provided to make up the consequent shortage of animals. The complete introduction of the clothing scheme involves an addition of R11·35 lakhs, but the expenditure will be partly balanced by receipts. The extension of the local purchase of clothing in India involves an increase of R2·40 lakhs, and the anticipated employment of the *Dufferin* for two voyages an increase of R1·48 lakhs; but these additions again will be more than counterbalanced by reductions in the Home estimates. The Indian expenditure on the arms traffic operations in 1910-11 is estimated to exceed that of 1909-10 by R6·18 lakhs.

In addition, the new recurring expenditure and the higher initial expenditure contemplated in the Schedule for 1910-11 involves an increase of R13·78 lakhs.

An increase of R7·25 lakhs under the very large but fluctuating head of pay of regimental officers and soldiers, British and Indian, also requires mention.

183. The various increases above specified aggregate R64·89 lakhs (£432,600). Against this amount certain reductions of expenditure must be set off, of which the following, totalling R17·70 lakhs (£118,000), may be separately enumerated. (1) A further decrease of R6·94 lakhs under food supplies and compensation which reduces the provision for food charges in the Budget of 1910-11 to R21·70 lakhs less than that included in the Budget of the current year. (2) A decrease of R4·39 lakhs in local Ordnance charges partly connected with economies in factories and arsenals. (3) Additional savings of R2·50 lakhs on proficiency pay. (4) A reduction of R1·00 lakh arising from the reorganization of the coast defence companies of artillery. (5) The bonus given in 1909-10 (R1·04 lakhs) does not re-appear. (6) The provision for hutting is less by R1·83 lakhs as any further allotments for the improvement of the Indian Infantry lines will be provided from 1910-11 through the Military Works head.

Home.

184. The Home estimates for 1910-11 propose an expenditure of £4,848,400 as compared with £4,644,200 in the Revised, *i.e.*, an increase of £204,200. But as already explained certain adjustments require to be made to arrive at the figure for Home expenditure actually intended, namely (1) an addition of £84,200 to the sum of £28,000 already included in the Home estimates for the arms traffic operations; (2) an addition of £34,100 to the sum provided for the purchase of rifles; (3) a deduction of £69,400 representing the expected gross saving from the use of the *Dufferin* in the trooping service; and (4) a deduction of £58,400 representing a reduction in the earlier forecast of Ordnance stores. The true increase in the Home expenditure is thus £194,700.

The increase is mainly attributable to the arms traffic operations, and to the sums, aggregating £90,500, which have been provided for the purchase of rifles. The important variations under other heads may be summarized as (1) an increase of £40,500 in the retired pay of British forces, which is at present a developing charge; (2) an increase of £27,600 in the capitation rate, which depends on the strength of British troops from time to time; (3) a further decrease of £20,000 in the retired pay of Indian Service officers; and (4) an excess of £45,000 in the saving expected from the use of the *Dufferin* as compared with the saving attained in the current year.

Receipts.

India and Home.

185. The Budget anticipates receipts amounting to R1,51·42 lakhs (£1,009,400), *i.e.*, an improvement, as compared with the Revised, of R8·24 lakhs in India, and £17,200 in England. The most important items are an addition of R6·16 lakhs in connection with the new clothing allowance scheme and of R1·68 lakhs under dairies, representing larger receipts arising from their more extended operations.

Net Expenditure.

186. The net Army expenditure for 1910-11 thus exceeds the probable actuals of 1909-10 by £468,400. The facts leading to this result will be summarized in dealing with net military expenditure as a whole.

187. The main differences between the Budget of 1910-11 and that of 1909-10 may be briefly stated. The Indian expenditure to be incurred in the coming year, after adjustment as above explained, exceeds the provision in the original estimate for 1909-10 by R37·87 lakhs (£252,500), but the Home figures, similarly corrected, show a reduction of R17·24 lakhs (£114,900). Taking both together, the increase is R20·63 lakhs (£137,600). The increase in India is broadly due to the additional cost of railway movements, increase in the Schedule, the new clothing scheme, increased provision for horses and mules, larger provision under regimental pay and allowances, the increase of pensionary charges of Indian troops, and expenditure in connection with the arms traffic operations; partly counterbalanced by a large improvement under food supplies, by savings on proficiency pay, and by considerably reduced ordnance requirements. The savings in England are accounted for, as already stated, by very large reductions in the store demands, and also by economies in trooping charges; partly counterbalanced by expenditure at Home in connection with the arms traffic operations.

Budget, 1910-11, compared with Budget, 1909-10.
Expenditure.
India and Home.

188. The receipts anticipated in the new Budget show an improvement, as compared with the Budget of 1909-10, of R12·39 lakhs (£82,500), the principal addition being the expected receipts from soldiers under the new clothing scheme.

Receipts.
India and Home.

189. The net expenditure shows an excess of £55,100.

Net Expenditure.
India and Home.

190. The Schedule expenditure incorporated in the Budget, 1910-11, is R38·57 lakhs (£257,100), as compared with R27·35 lakhs (£182,300) in the Revised and R33·25 lakhs (£221,600) in the Budget of 1909-10. The following are the more important measures to be undertaken or under consideration:—

Schedule Expenditure.

	Further Expenditure proposed in 1910-11 (India and Home).	
	Lakhs.	Equivalent in
(*a*) *Measures in progress.*	R	£
(1) Addition of 8 new artillery ammunition columns	2·39	15,900
(2) Re-armament of horse and field artillery	3·77	25,100
(3) Light entrenching tools	2·08	13,900
(4) Extension of dairies	2·00	13,300
(5) Establishment of a cavalry school	·55	3,700
(*b*) *New Measures.*		
(6) Formation of 4 Signal Companies	4·31	28,700
(7) Purchase of short rifles for regular troops	10·33	68,900
(8) Re-armament of Militia	3·40	22,700
(9) Rifle carrying equipment for Indian cavalry units	1·50	10,000
(10) Acquisition of land for rifle ranges, etc., in Nowshera Cavalry Cantonment	·85	5,700
(11) Provision for increase in pay of transport establishments	1·90	12,700
(12) Creation of an Inspection Branch of the Ordnance Department and reorganisation of the system of Ordnance Factory Accounts	1·20	8,000
(13) Purchase of 250 reserve artillery horses	2·07	13,800

XXXIII AND 46A.—MARINE.

		Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11. Budget.
EXPENDITURE—							
India	₹	41,33,693	35,96,072	36,68,571	36,52,000	36,72,000	38,33,000
Equivalent in sterling .	£	275,579	239,738	244,571	243,500	244,800	255,500
England . . .	£	386,789	245,286	232,386	230,300	234,300	228,800
Total	£	662,368	485,024	476,957	473,800	479,100	484,300
RECEIPTS—							
India	₹	22,21,896	13,15,296	18,81,727	10,42,000	11,58,000	11,20,000
Equivalent in sterling .	£	148,126	87,686	125,448	69,500	77,200	74,700
England . . .	£	49	...	...	...	...	...
Total	£	148,175	87,686	125,448	69,500	77,200	74,700
NET EXPENDITURE	£	514,193	397,338	351,509	404,300	401,900	409,600

Revised, 1909-10.

Revised 1909-10, compared with Budget, 1909-10. Expenditure, Receipts and Net Expenditure. India and Home.

191. The total expenditure (India and Home) anticipated in the Revised exceeds the Budget provision by £5,300. The total receipts show an increase of £7,700. The net figure is thus £2,400 less than the Budget. More extensive repairs and larger issues of coal have been made on behalf of vessels of the Royal Navy, with correspondingly higher receipts. A reduction of £7,000 is expected in the expenditure on stores and coal for vessels of the Royal Indian Marine, but heavier repairs have been undertaken and an expenditure of £4,500 has been incurred in fitting and supplying the *Dufferin* for trooping work.

Schedule Expenditure.

192. £3,300 were provided towards the construction of a tug to replace the *Elephanta* and it is expected that this amount will be fully spent.

Budget, 1910-11.

Budget, 1910-11, compared with Revised, 1909-10. Expenditure, Receipts and Net Expenditure. India and Home.

193. The Budget for 1910-11 anticipates an increase of £5,200 in expenditure, and a decrease of £2,500 in receipts, or a net increase of £7,700. All charges on account of the arms traffic operations are being treated as special service expenditure and included under the Army head.

This net increase is mainly due to a provision of £9,500 for stores and coal for use by the *Dufferin* while engaged in trooping service. A decrease of £15,300 in the receipts anticipated from Local Governments and the Royal Navy on account of work done for them, is counterbalanced by an increase of £14,400 in the hire of vessels for the Colonial trooping service which will ultimately be recovered from the Imperial Government.

Schedule Expenditure.

194. The Budget provides £9,900 for the completion of the tug to replace the *Elephanta*.

XXXIV and 47. MILITARY WORKS.

		Accounts, 1906-07.	Accounts, 1907-08.	Accounts, 1908-09.	1909-10. Budget.	1909-10. Revised.	1910-11, Budget.
ORDINARY. EXPENDITURE.							
India	₹	90,95,204	95,90,397	97,63,147	87,73,000	94,00,000	97,07,000
Equivalent in sterling	£	606,347	639,360	650,877	584,900	626,700	647,100
England . . .	£	35,146	44,641	29,023	48,900	20,000	18,300
TOTAL	£	641,493	684,001	679,900	633,800	646,700	665,400
RECEIPTS.							
India	₹	7,64,984	8,59,015	8,88,805	8,83,000	10,50,000	9,50,000
Equivalent in sterling	£	50,999	57,268	59,254	58,800	70,000	63,300
England . . .	£	...	...	...	...	...	...
TOTAL	£	50,999	57,268	59,254	58,800	70,000	63,300
Net expenditure Ordinary	£	590,494	626,733	620,646	575,000	576,700	602,100
SPECIAL DEMANDS. EXPENDITURE.							
India	₹	69,33,712	68,54,137	41,31,267	33,11,000	29,00,000	30,93,000
Equivalent in sterling	£	462,247	456,943	275,418	220,700	193,300	206,200
England	£	23,775	25,999	12,044	1,100	13,800	8,000
TOTAL	£	486,022	482,942	287,462	221,800	207,100	214,200
TOTAL NET EXPENDITURE	£	1,076,516	1,109,675	908,108	796,800	783,800	816,300

195. Under this head, Ordinary expenditure, and expenditure on "Special Demands" *i.e.*, on Military Works Schedule measures, are separately compiled in the ordinary course of accounting, and can therefore be separately examined.

Revised, 1909-10.

Revised, 1909-10, compared with Budget, 1909-10 India and Home.

196. Under Ordinary expenditure the Revised anticipates an excess of ₹1·94 lakhs (£12,900) which is due to the transfer, during the course of the year, of charges (amounting to ₹2·71 lakhs) connected with the maintenance of electrical installations and some other items from Special Demands. A small lapse is anticipated in the allotments for actual works.

Ordinary Expenditure.

Receipts.

197. The Military Works receipts represent the rent of military quarters, etc., and the sale-proceeds of materials. The rent receipts are increasing with the yearly additions to the number of quarters constructed. The main cause of the improvement of ₹1·67 lakhs (£11,200) anticipated in the Revised is, however, the occurrence of arrear payments.

Special Demands. Expenditure.

198. The expected improvement of ₹2·21 lakhs (£14,700) under Special Demands is due to the transfer mentioned above. Otherwise the budget provision is being very fully utilized, an additional expenditure of ₹5·00 lakhs having been authorised in the course of the year to enable the Commander-in-Chief to make an immediate beginning with the improvement of the Indian Infantry lines.

The bulk of the funds provided in the Budget for Schedule expenditure has been applied to buildings in progress in Quetta, Jubbulpore, Ahmednagar and the Nowshera Cavalry Cantonment where accommodation is required for additional troops, and to meet the requirements of the Gun Carriage Factory at Jubbulpore and the new Kirkee Arsenal. ₹1·00 lakh was also allotted during the year for the

conversion of vacant military buildings at Saugor to accommodate the Cavalry School which is being instituted in that place.

Net Expenditure.

On Military Works expenditure as a whole, a net saving of £13,000 is expected.

Budget, 1910-11.

Budget, 1910-11, compared with Budget, 1909-10 India and Home.

199. The Ordinary Military Works grant for 1910-11 has been fixed at R99·82 lakhs (£665,400), *i.e.*, R4·76 lakhs (£31,600) in excess of the figure adopted in 1909-10. The increase is partly due to the transfer of charges for electrical installations, etc., already mentioned, and partly to a slight expansion of the grant which was somewhat restricted in the current year.

Ordinary Expenditure.

Receipts.

The increase of R·67 lakh (£4,500) shewn in the estimate for receipts allows for a further improvement in the rents from officers' quarters, etc.

Special Demands. Expenditure.

200. The provision made for Special Demands, namely R32·13 lakhs (£214,200), is R1·15 lakhs (£7,600) below the Budget estimate of the current year, but would have been slightly higher but for the transfer of charges already mentioned. A large part of this sum has been allotted, in relatively small amounts, to the prosecution of work already in progress in the cantonments mentioned above. The principal new works proposed are :—

	Expenditure to be incurred in 1910-11.	
	Lakhs. ₹	Equivalent in £
(1) Accommodation for 2 additional companies of British Infantry at Kirkee Arsenal . .	2·00	13,300
(2) Piped water supply on the Ridge at Jubbulpore	1·00	6,700
(3) Officers' quarters, mess house and hospital accommodation for British troops in the Nowshera Cavalry Cantonment . .	1·50	10,000
(4) Accommodation for 4 signal companies to be raised in 1910-11	1·00	6,700
(5) Special storage accommodation for cordite in several arsenals	1·20	8,000
(6) Payments to meet the cost of adapting the railway bridges over the Beas and Sutlej rivers for use as roads for military traffic .	1·72	11,500
(7) Improvement of the water-supply at Bangalore, Bannu and Cawnpore . . .	1·05	7,000

A further provision of R5·00 lakhs is also made for continuing the improvement of the Indian Infantry lines.

Net Expenditure.

201. The net expenditure proposed in 1910-11 is thus R2·94 lakhs (£19,500) above the Budget figure for 1909-10, the increase being shared in effect, as already stated, between Ordinary and Special Demands.

47A SPECIAL DEFENCES.

		Accounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
EXPENDITURE.							
India	R	14,11,302	14,31,376	2,55,230	1,79,000	1,76,000	22,000
Equivalent in Sterling	£	94,087	95,425	17,015	11,900	11,700	1,500
England	£	44,271	20,862	12,029	16,000	25,000	...
TOTAL	£	138,358	116,287	29,044	27,900	36,700	1,500

202. The Revised shows a trifling decrease of £200 under Indian expenditure, and an increase of £9,000 under Home expenditure due to the Secretary of State's anticipation of increased payments in England for coast defence armaments. *Revised, 1909-10.*

The original programme of Special Defences is rapidly approaching completion and the only provision made in 1910-11 is that of R·22 lakh (£1,500) for expenditure in India, no outlay being anticipated at Home. *Budget, 1910-11.*

The entire charges are treated as appertaining to the Schedule. *Schedule Expenditure.*

MILITARY SERVICES: SUMMARY.

		Acoounts, 1906-1907.	Accounts, 1907-1908.	Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-11, Budget.
EXPENDITURE—							
India	R	23,36,60,496	23,11,51,437	23,26,56,245	23,18,72,000	23,07,05,000	23,62,56,000
Equivalent in Sterling	£	15,577,365	15,410,096	15,510,417	15,458,100	15,380,300	15,750,400
England	£	6,008,721	5,005,691	5,140,212	5,250,100	4,937,300	5,103,500
Total Expenditure	£	21,586,086	20,415,787	20,650,629	20,708,200	20,317,600	20,853,900
RECEIPTS—							
India	R	1,41,70,508	1,14,22,735	1,05,77,102	96,15,000	1,02,27,000	1,09,13,000
Equivalent in Sterling	£	944,700	761,516	705,140	641,000	681,800	727,500
England	£	472,043	405,917	342,501	414,200	402,700	419,900
Total Receipts	£	1,416,743	1,167,433	1,047,641	1,055,200	1,084,500	1,147,400
NET EXPENDITURE	£	20,169,343	19,248,354	19,602,988	19,653,000	19,233,100	19,706,500

203. On a comparison of the estimates for Military Services as a whole with the Budget for 1909-1910, the Revised shows a decrease of £419,900, and the Budget for 1910-1911 an increase of £53,500, in net expenditure. These results cannot be correctly attributed to a few selected items alone; but the classes of charges enumerated below have exercised a marked influence, and on other grounds require special prominence. The portion of the saving in the Revised for which they do not account is mainly due to miscellaneous lapses under other heads of the Home estimates. As regards the Budget, the close approximation between the net increase exhibited under these special items to the net increase shown by the Budget as a whole is to some extent illusory, as other reductions are anticipated in the Home estimates which will be counterbalanced by miscellaneous increases and fluctuations in the Indian figures. The selected items are as follows:—

	Budget 1909-10.	Revised 1909-10, more (+) less (−) than Budget 1909-10.	Budget 1910-11, more (+) less (−) than Budget 1909-10.
	£	£	£
All food charges	1,951,700	−98,300	−144,700
Conveyance charges	299,000	+19,300	+116,100
Home stores	639,700	−218,900	−124,100
Indian Ordnance charges	702,100	−18,900	−37,600
Arms Traffic operations	...	+44,900	+173,500
Schedule, recurring expenditure, 1910-11.	...	...	+57,100
TOTAL	3,592,500	−271,900	+40,300
All Military Heads—Net	19,653,000	−419,900	+53,500

204. The improvement under food charges is mainly due, as already stated, to a fall in prices, but stricter administration of the compensation charges has also contributed to the final result. As the following figures will show, there is still room for a considerable further fall :—

Years.	Compensation charges.	Other food charges.	Total.
	£	£	£
Average for four years 1901-02 to 1904-05	214,800	982,900	1,197,700
1905-06	279,100	1,117,500	1,396,600
1906-07	342,600	1,259,700	1,602,300
1907-08	420,700	1,239,200	1,659,900
1908-09	574,000	1,473,100	2,047,100
1909-10 (Revised)	422,900	1,430,600	1,853,500
1910-11 (Budget)	400,000	1,407,100	1,807,100

205. The recent course of the conveyance charges is also of interest. The following figures relate to railway charges only :—

	£
1906-07	333,900
1907-08	294,300
1908-09	261,100
1909-10 (Revised)	259,300
1910-11 (Budget)	354,500

The fall in 1907-08 is partly attributable to the new vehicle and maundage rates temporarily introduced on the 1st January 1908. These were in full force throughout 1908-09 and 1909-10. As already explained, it has been necessary to make tentative provision for the higher rates now demanded by the railway companies with effect from the 1st January 1910, *i.e.*, the provision for 1910-11 covers arrear payments as well as a higher scale throughout the coming year.

206. As regards Home stores, the Revised, as already explained, shows a reduction of £218,900. The lower figure is being maintained in the coming year apart from the special expenditure on rifles, and in addition to the diminution in the miscellaneous demands for Ordnance stores, to which the reductions at Home are mainly due, there has also been, as the foregoing table shows, a considerable decline in the Indian factory and arsenal charges.

207. The combined Indian and Home provision made for expenditure on the arms traffic operations in the Persian Gulf amounts to £44,900 in 1909-10, and £173,500 in 1910-11, all under the Army head. But for this Special Service charge, the Budget for the coming year would have shown a reduction on that of 1909-10 amounting to £120,000.

208. The Schedule provision for the current year was stated in March last to be £474,900. This, however, took account of some recurring expenditure already attained, the Schedule following in this respect, though with some modification, the system in force since 1904-05. As explained in paragraph 179 above, the Schedule will in future only show new expenditure to be incurred in any year. Reducing the Budget figure for 1909-10 to this basis, the Schedules of the two years compare as follows :—

	India.		Home.		
	Initial.	Recurring.	Initial.	Recurring.	Total.
	£	£	£	£	£
Budget, 1909-10	277,800	18,700	73,100	2,300	371,900
Revised, do.	258,900	13,700	51,800	2,200	326,600
Budget, 1910-11	334,300	54,300	91,300	2,800	482,700

Though the Schedule proposed for 1910-11 is thus higher than that of the current year, it still remains much below the standard accepted in the years 1904-05 to 1908-09, when the system of a Special Grant was in force and the annual provision for new Schedule expenditure never fell below £1,000,000.

CAPITAL EXPENDITURE ON RAILWAYS AND IRRIGATION WORKS NOT CHARGED TO REVENUE.

RAILWAY CONSTRUCTION.

209. The expenditure on Railway Construction for which the Government of India undertakes financial responsibility or gives any direct guarantee is now estimated at R13,85·35 in 1909-1910, against a Budget grant of R15,00 lakhs. There is a lapse of R127·92 lakhs in the grants allotted for expenditure in England; and the bulk of this occurs in the case of purchased lines worked by Companies whose Home outlay is finally adjusted in the Indian section of the accounts. It has been possible to utilise only a very small portion of this saving for increased expenditure in India. *Revised, 1909-1910.*

210. For 1910-1911, the programme of Capital outlay on Railway Construction has been placed at R16,30,00,000. *Budget, 1910-1911.*

211. The distribution of the total expenditure on Railway Construction between State and Companies' agency in each of the three years from 1908-1909 to 1910-1911 is as follows:—

		Accounts, 1908-1909.	1909-1910. Budget.	1909-1910. Revised.	1910-1911, Budget.
1. Outlay on State lines:					
(*a*) India	R	9,23,78,720	8,00,67,000	7,14,34,000	9,93,15,000
	£	6,158,581	5,337,800	4,762,300	6,621,000
(*b*) England	£	3,329,587	2,256,300	2,165,000	1,897,600
TOTAL	£	9,488,168	7,594,100	6,927,300	8,518,600
2. Outlay of Companies:					
(*a*) India	R	—99,37,878	1,48,16,000	1,33,86,000	1,44,45,000
	£	—662,526	987,800	892,400	963,000
(*b*) England	£	1,219,429	1,418,100	1,416,000	1,385,100
TOTAL	£	556,903	2,405,900	2,308,400	2,348,100
Total of Programme	£	10,045,071	10,000,000	9,235,700	10,866,700

In 1908-1909 advances by Government aggregating 205 lakhs were transferred from the Burma Railway Company's capital account to the head Outlay on State lines. This accounts mainly for the minus entry under Outlay of Companies—India. The following amounts of outlay in England on account of purchased lines worked by Companies are included in the Indian figures under Outlay on State lines:—

3,354,081	3,095,300	2,335,900	2,896,300	

212. The details of the Budget grant for 1910-1911 are shown below :—

Lakhs of rupees.

	Open lines.	Construction of	
		Lines in progress.	New lines.
I.—Outlay on State Railways :—			
1. Assam-Bengal :—			
(i) Open line	25·05	...	...
(ii) Akhaura-Bhairab Bazar	...	1·52	...
(iii) Kalaura-Sylhet	...	14·40	...
2. Bezwada Extension	0·06	...	...
3. Bombay, Baroda and Central India :—			
(i) Main line	75·00	...	...
(ii) Rajputana—Malwa	40·00	...	...
4. Burma Extensions :—			
(i) Open line	1·75	...	...
(ii) Southern Shan States	...	..	30·00
5. Dhone-Kurnool	0·40	...	...
6. East Indian :—			
(i) Open line	112·00	...	...
(ii) Bhagalpur-Bausi	...	12·00	...
(iii) Hugli-Katwa	..	35·00	...
(iv) Katwa-Barharwa	...	20·00	
7. Eastern Bengal System :—			
(i) Open line	111·14	...	...
(ii) Lower Ganges Bridge	...	40·00	...
(iii) Rangia-Tangla	...	...	10·00
8. Great Indian Peninsula System :—			
(i) Open line	135·95	...	...
(ii) Bombay Harbour Branch	...	4·00	...
(iii) Itarsi-Nagpur, etc.	...	40·00	...
9. Jodhpur-Hyderabad (British Section)	—0·98	...	...
10. Nagda-Muttra	3·68	...	...
11. North-Western :—			
(i) Open line	255·77	...	...
(ii) Shorkot Road—Chichoki	...	45·00	...
(iii) Trans-Indus (Kalabagh-Bannu, etc.)	...	...	25·00
12. Oudh and Rohilkhand :—			
(i) Open line	41·14*	...	...
(ii) Balamau-Sitapur and Rosa-Sitapur	...	35·13	...
(iii) Allahabad-Rae Bareli-Cawnpur	...	44·00	...
13. South-Indian System	93·74	...	...
14. Tirhoot and extensions :—			
(i) Open line	17·04†	...	...
(ii) Samastipore-Roserah	...	...	10·00
	911·74	291·05	75·00
II.—Outlay of Companies :—			
(*a*) *Indian Railway Companies* :—			
1. Bengal Nagpur	99·71	65·83	10·00
2. Burma	75·00	5·00	...
3. Indian Midland	23·22	...	...
4. Lucknow Bareilly	—1·17	...	...
5. Madras and Southern Marhatta	72·87	1·35	...
(*b*) Branch line Companies with firm Guarantee	0·40	...	...
	270·03	72·18	10·00

* Includes ·17 for a short branch line under construction.

† Includes ·23 for a short branch line under construction.

213. As in previous years, a greater portion of the grant in 1910-1911, both in the case of State and Companies' lines, has been allotted for open line works and rolling-stock; this is also in accordance with the recommendation of the Indian Railway Finance Committee that the equipment of existing lines should take precedence of the construction of new lines.

In making allotments for new lines, the needs of the several provinces have been very carefully considered. The Southern Shan States line is one of considerable administrative importance and will open up and develop the fertile valleys and plateaux of these States, the progress of which has hitherto been much retarded for want of communications. The Rangia-Tangla branch of the Dhubri-Gauhati extension of the Eastern Bengal State Railway will be of considerable service to the tea industry, and to the general public in the Mangaldai Subdivision in Assam which is very poorly provided with communications. The Kalabagh-Bannu line will tap the valuable Makerwal coal-fields and will assist in developing a backward portion of the Frontier Province. The Samastipur-Roserah line in Bengal is required to provide railway connection in a district which is badly provided with roads. The Balaghat-Katangi branch of the Bengal Nagpur railway, which is the only new line to be constructed from the capital of Companies, will serve the manganese industry in the Central Provinces, and will carry the supply of this mineral which will be used in the manufacture of steel at the Tata works at Kalimati.

214. The figures in the table in paragraph 211 do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor of Branch Line Companies not in receipt of a direct guarantee. Including this expenditure, and also some small expenditure from Provincial Revenues, the total outlay on Railway Construction in the three years is as follows :—

	Accounts, 1908-1909.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
	₹	₹	₹
Total as in preceding table	15,06,76,066	13,85,35,000	16,30,00,000
Famine Protective Lines	1,048	2,22,000	5,00,000
Branch Lines not on firm guarantee . . .	87,964	11,73,000	18,04,000
Provincial State Line	6,235	23,000	4,000
Grand total in Rupees	15,07,71,313	13,99,53,000	16,53,08,000
Grand total in £ sterling at ₹15 to the £ . .	10,051,421	9,330,200	11,020,500

CONSTRUCTION OF PRODUCTIVE IRRIGATION WORKS.

215. The figures are—

	Accounts, 1908-1909.	Budget, 1909-1910.	Revised, 1909-1910.	Budget, 1910-1911.
Total in Rupees . .	1,47,52,336	1,50,00,000	1,60,00,000	1,70,00,000
Equivalent in Sterling .	983,489	1,000,000	1,066,700	1,133,300

Capital outlay on Productive Irrigation Works.

216. The Budget grant of 150 lakhs has been raised to 160 lakhs in the Revised, and it is expected that the latter figure will be fully spent during the current year. The grant in next year's Budget has been fixed at 170 lakhs as it appears probable from the progress of expenditure that the increased allotment will be usefully employed. The following table shows the projects included in the programme of 1909-1910 as now revised and in that of 1910-1911, and the amount to be spent on each :—

Name of project.	Expenditure in 1909-1910.	Expenditure in 1910-1911.
	R	R
Canals in operation—		
Mandalay Canal	1,47,000	4,000
Shwebo „	3,22,000	2,03,000
Ganges Canal, including Mat and Hathras branches	3,13,000	6,98,000
Lower Ganges Canal	1,72,000	1,37,000
Fatehpur Branch, Lower Ganges Canal . .	41,000	9,000
Agra Canal	1,36,000	1,49,000
Eastern Jumna Canal	43,000	32,000
Western „ „	14,000	20,000
Upper Bari Doab „	1,96,000	2,00,000
Sirhind Canal	47,000	2 00,000
Lower Chenab Canal	1,53,000	3,00,000
Lower Jhelum „	1,08,000	3,00,000
Indus Inundation Canals	1,05,000	3,20,000
Godavari Delta	37,000	44,000
Kistna „	1,70,000	65,000
Cauvery „	1,00,000	1,07,000
Periyar Project	1,34,000	1,42,000
Jamrao Canal	—74,000	—1,55,000
Canals under construction—		
Mon Canals	7,21,000	6,25,000
Ye-u Canal	83 000	6,68,000
Upper Chenab Canal	41,29,000	36,00,000
Upper Jhelum „	39,68,000	40,00,000
Lower Bari Doab Canal	24,85,000	22,50,000
Upper Swat River Canal	16,24,000	20,15,000
Nagavalli River Project	1,54,000	2,12,000
Divi Island Project	90 000	1,22,000
Other Projects	5,82,000	7,33,000
TOTAL R .	1,60,00,000	1,70,00,000
Equivalent in Sterling £ .	1,066,700	1,133,300

A greater portion of the grant will be again applied to push on work in connection with the Triple Canal project in the Punjab and with the Upper Swat River Canal in the Frontier Province.

WAYS AND MEANS.

HOME TREASURY.

Introductory.

217. The bulk of the payments made in England on account of the Government of India consists of expenditure chargeable to the Indian revenues; and if this represented the only charges, the Ways and Means programme would be a simple arrangement, as the whole of the expenditure would ordinarily be met by remittance of funds from India. The capital outlay on the construction of railways and irrigation works, however, necessitates heavy borrowing; and a greater portion of the money required is usually raised in England, either direct or through the agency of Companies. A further complication is introduced by the practice under which all payments made in England to Railway Companies working purchased lines, for purchase of stores and other capital purposes, as well as all moneys raised by them and paid into the Home Treasury, are brought to account under the appropriate heads in this country and are treated in the Home Accounts and Estimates as remittances to or from India respectively. The transactions connected with the Gold Standard Reserve, and with the replacement of one particular form or item of direct or indirect debt by another, also largely swell the receipts and charges of the Home Treasury without affecting the general Ways and Means programme.

218. The following are the details of the transactions appearing in the Budget and Revised Estimates of the Home Treasury for 1909-1910 and in the Budget Estimate of 1910-1911.

	Budget, 1909-1910.	Revised, 1909-1910.	Budget, 1910-1911.
RECEIPTS.	£	£	£
Capital raised and deposited by Railway Companies—			
For Capital outlay	1,300	2,100	1,800
* For discharge of Debentures	3,491,400	150,000	2,848,400
† Permanent Debt to be incurred for the redemption of Railway Liabilities	...	...	3,654,100
† Temporary Debt to be raised for the discharge of Railway Capital Stock	...	...	2,250,000
Temporary debt renewed	6,000,000	6,000,000	6,000,000
Deposits and Advances—			
Gold Standard Reserve	2,230,000	10,505,700	10,410,500
Other items	1,000	1,000	1,000
Remittance Account between England and India—			
Railway transactions	2,404,700	2,464,900	3,112,800
Other transactions	382,300	379,600	357,000
Total Receipts, excluding Council Bills and Loans	14,510,700	19,503,300	28,635,600
DISBURSEMENTS.			
Excess of Expenditure over Revenue	18,717,000	18,453,300	19,050,500
Railway and Irrigation Capital not charged to Revenue—			
Outlay on State Railways and Irrigation Works	2,289,300	2,202,000	1,928,300
†Redemption of Railway Liabilities	...	...	5,904,100
Outlay of Railway Companies	1,419,400	1,418,100	1,386,900
*Payments to Railway Companies for discharge of debentures	3,491,400	205,200	2,848,400
Permanent Debt discharged	179,400	179,400	817,900
Temporary Debt discharged	6,000,000	6,000,000	6,000,000
Deposits and Advances—			
Gold Standard Reserve: Investments	2,230,000	8,911,400	11,151,600
Other transactions	1,500	1,200	1,200
Remittance Account between England and India—			
Railway transactions	3,130,000	2,373,200	3,444,400
Payments in respect of Bills of Exchange on London sold in India	...	156,000	...
Other transactions	445,700	498,200	379,400
Total Disbursements	37,903,700	40,398,000	52,912,700
NET DISBURSEMENT	23,393,000	20,894,700	24,277,100
Financed as follows:			
Council Bills	16,200,000	17,000,000	16,500,000
Permanent Debt incurred	2,823,700	8,199,600	1,637,600
Reduction of cash balance	4,369,300	—4,304,900	6,139,500
TOTAL	23,393,000	20,894,700	24,277,100
Opening Balance	7,697,989	8,453,715	12,758,615
Closing Balance	3,328,689	12,758,615	6,619,115

* The heads marked with an asterisk appear on both the receipt and payment sides. As the receipt and disbursement under each of them are generally equal, they do not affect the Ways and Means of the year to any material extent.

† These entries arise in connection with the purchase of the Indian Midland Railway, and do not otherwise affect the Ways and Means of the year.

Revised, 1909-1910. General.

219. The net disbursements in 1909-1910 are now taken at £20,894,700 or £2,498,300 less than the Budget. The transactions relating to the Gold Standard Reserve described in paragraph 229 below have resulted in a net addition of £1,594,300 to the balances of the Home Treasury. The balance of the drop in the net disbursements, amounting to £904,000, is mainly due to smaller advances (to the extent of £756,800) to Companies working purchased railways and to a reduction (£263,700) in the expenditure chargeable to revenue, the greater portion of which occurs under purchase of military stores. These decreases have been in part counterbalanced by the payment of sterling bills (£156,000) drawn in India in September 1909 with the object of steadying exchange.

220. As a result of the revival in the export trade, the total drawings of the Secretary of State in the current year are expected to amount to £23,630,000. Of this £6,630,000 will be appropriated in repaying to the Gold Standard Reserve the balance of the gold withdrawn from it in 1908-1909 in support of exchange; and the remaining £17,000,000 will be available to meet the disbursements of the Home Treasury, against a Budget estimate of £16,200,000. The amount received during the year in the Treasury in respect of sterling loans will also exceed the Budget by £5,375,900 owing to the reasons explained in paragraph 223 below. The total of these various improvements amounts to £8,674,200 and the result will be that the balances of the Treasury will be increased during the year by £4,304,900 instead of being drawn upon to the extent of £4,369,300.

1909-1910. Capital raised and deposited by Railway Companies.

221. The details of the transactions in respect of capital raised and deposited by Railway Companies are as follows :—

RECEIPTS.

Subscribed Capital.

	Budget, 1909-1910.	Revised, 1909-1910.
	£	£
To discharge Debentures—		
Assam-Bengal Railway	620,900	...
Bengal-Nagpur Railway	2,335,500	...
Indian Midland Railway	190,000	...
Madras and Southern Mahratta Railway	345,000	150,000
	3,491,400	150,000
To meet Capital outlay—		
Miscellaneous (Transfer fees, etc.)	1,300	2,100
TOTAL RECEIPTS	3,492,700	152,100
ISSUES.	£	£
For discharge of Debentures	3,491,400	205,200
For Capital outlay, *i.e.*, Stores, Establishment Charges, etc.	1,419,400	1,418,100
TOTAL	4,910,800	1,623,300

The Madras and Southern Mahratta Railway is the only line which is likely to be able to raise any fresh capital to replace debentures which have matured. Debentures to the extent of £1,311,400 have been renewed at a discount of £25,200 and those for another £30,000 have been discharged.

222. The following are the details of the Railway remittance transactions. As already explained, they occur almost wholly in connection with the capital account of the purchased lines worked by Companies.

RECEIPTS.	Budget, 1909-1910. £	Revised, 1909-1910. £
Debentures raised—		
East Indian Railway for additional capital expenditure	2,400,000	2,459,400
Transfer fees, etc.	4,700	5,500
TOTAL RECEIPTS	2,404,700	2,464,900
ISSUES.		
Rental paid to South Behar Railway Company	30,000	30,000
Advances for purchase of stores—		
East Indian Railway	1,001,200	770,000
South Indian Railway	342,500	316,500
Bengal and North-Western Railway	54,300	50,200
Great Indian Peninsula Railway	1,067,700	583,200
Bombay, Baroda and Central India Railway (including Rajputana-Malwa Railway)	634,300	621,500
TOTAL	3,130,000	2,371,400
Rohilkund and Kumaon Railway Company: Interest on Debenture Stock allocated to State works	...	1,800
TOTAL ISSUES	3,130,000	2,373,200

The East Indian Railway Company was able to raise Debenture stock of the face value of £2,550,000, realising the amount shown above.

1909-1910. Loans.

223. Of the sum of £8,199,600 shown against Permanent Debt in the table in paragraph 218, £2,699,600 represent receipts in respect of the loan of £7½ million issued in February 1909. A new 3½ per cent. sterling loan of £7½ million was issued in January 1910 at the fixed price of £96½ As in the case of the loan issued in the previous year, credit will be taken in the accounts only for the actual money received, and a sinking fund created for the redemption of liabilities incurred in excess of this sum. Of the net amount receivable £5,500,000 will be received in the current year and the balance of £1,637,600 in 1910-1911.

224. The whole of the £6 million India Bills which fell due during the year were renewed for 12 months, the average prices of issue being as shown below :

(i) £1 million (which fell due on 11th April, 1909) at £97-16-0·32
(ii) £2½ „ („ „ „ „ 16th June, 1909) at £96-18-0·5?
(iii) £2½ „ („ „ „ „ 1st December, 1909) at £96-16-1·71.

1910-1911. The Budget Estimate.

225. The Budget Estimates provide for a net disbursement of £24,277,100 including a payment of £817,900 for the discharge of Railway debentures which mature during the year. The increase of £884,100 over the net disbursement in the current year's Budget is the net result of the following variations :—

	£
Worse.	
Net expenditure on Revenue account, *more*	333,500
Deposits, Advances and miscellaneous Remittance transactions, net	699,800
Permanent Debt discharged, *more*	638,500
Better.	
Net payments to Railway Companies, *less*	426,700*
Outlay on State Railways, *less*	358,700
Outlay on Irrigation Works, *less*	2,300

226. The principal difference under Deposit, Advance and miscellaneous Remittance transactions in the two years consists of a special net payment of £741,100 in 1910-1911 on account of the Gold Standard Reserve, in connection with the investment of part of the liquid balances of the fund held at the end of the current year in the Home Treasury.

227. Of the net disbursement of £24,277,100, it is proposed to meet £16,500,000 by Council Bills supplemented by the sum of £1,637,600 to be received next year on account of the balance of the 7½ million sterling loan of the current year. The difference between the sum of these two items and the amount of net disbursement will be met by drawing on the Secretary of State's cash balances, which are estimated to stand on 31st March 1911 at £6,619,115, inclusive of £1,323,018, held as cash at short notice on behalf of the Gold Standard Reserve.

1910-1911. Purchase of the Indian Midland Railway. Temporary debt.

228. The estimates also provide for the repayment at par of £2,250,000 capital stock of the Indian Midland Railway on the 31st December 1910, when the present contract with the Company will terminate, as well as for the assumption by the Secretary of State of the liability of that Company for debentures amounting to £3,654,100. It is proposed to provide the funds required to meet the repayment of the Capital Stock by the issue of temporary debt. The whole of the India Bills, amounting to £6 millions, which fall due in 1910-1911 will, also be renewed.

	Budget, 1909-1910. £	Budget, 1910-1911. £
* RECEIPTS—		
Capital deposited by Railway Companies—		
For capital outlay	1,300	1,800
For discharge of debentures	3,491,400	2,848,400
Remittance account between England and India—		
Railway transactions	2,404,700	3,112,800
Total receipts	5,897,400	5,963,000
DISBURSEMENTS—		
Railway and Irrigation capital not charged to Revenue—		
Outlay of Railway Companies	1,419,400	1,386,900
Payment for discharge of debentures	3,491,400	2,848,400
Remittance account between England and India—		
Railway Transactions	3,130,000	3,444,400
Total disbursements	8,040,800	7,679,700
NET DISBURSEMENTS	2,143,400	1,716,700
Decrease	426,700	

1909-1910 and 1910-1911. Gold Standard Reserve.

229. The following are the details of the transactions of the Gold Standard Reserve in England:—

	1909-1910. Budget.	1909-1910. Revised.	1910-1911. Budget.
RECEIPTS.	£	£	£
(*a*) Dividends on investments, discount on Treasury Bills and Interest on Loans at short notice	230,000	253,800	398,000
(*b*) National War Loan Stock and Bonds and British and Colonial Treasury Bills paid off .	2,000,000	3,621,900	10,012,500
(*c*) Remitted from India by Council Bills	...	6,630,000	...
TOTAL .	2,230,000	10,505,700	10,410,500
CHARGES.			
Investments made . .	2,230,000	8,911,400	11,151,600

230. The following statement shows the transactions and balances of the fund in the two years in England and India taken together :—

	Budget, 1909-1910.	Revised, 1909-1910.	Budget, 1910-1911.
	£	£	£
Opening balance—			
Invested	7,694,300	7,414,500	12,704,000
Uninvested—			
(1) Cash in the Home Treasury placed at short notice . .	...	469,800	2,064,100
(2) Held in rupees in India	10,808,600	10,586,700	4,000,000
(3) Due from treasury balances . .	300	400	...
	18,503,200	18,471,400	18,768,100
Closing balance—			
Invested . . .	7,924,300	12,704,000	13,843,100
Uninvested—			
(1) Cash in the Home Treasury placed at short notice . .	...	2,064,100	1,323,000
(2) Held in rupees in India	10,808,600	4,000,000	4,000,000
(3) Due from treasury balances . .	300	...	...
	18,733,200	18,768,100	19,166,100
Interest on investments .	230,000	253,800	398,000
Interest on temporary loan to the Government of India and other adjustments in India .	...	42,900	...

231. The following is a summary of the figures relating to Council Bills and the Sterling Debt of Government and of Railway Companies (omitting transfer fees, etc.) included in the estimates for 1909-1910 and 1910-1911 :— *1909-1910 and 1910-1911. Summary of debt transactions and Capital Account of Railway Companies.*

	Budget, 1909-1910.	Revised, 1909-1910.	Budget, 1910-1911.
RECEIPTS.			
	£	£	£
Council Bills	16,200,000	17,000,000*	16,500,000
Permanent Debt incurred (India Stock)	2,823,700	8,199,600	1,637,600
Temporary Debt raised	6,000,000	6,000,000	8,250,000
Permanent Debt incurred for the redemption of Railway Liabilities	...	...	3,654,100
Receipts on account of the Subscribed Capital of Railway Companies	3,491,400	150,000	2,848,400
Receipts on account of the Debenture Capital of Railway Companies working purchased Railways	2,400,000	2,459,400	3,107,500
OUTGOINGS.			
Redemption of Railway Liabilities	...	...	5,904,100
Permanent Debt discharged	179,400	179,400	817,900
Temporary Debt discharged	6,000,000	6,000,000	6,000,000
Discharge of other Railway Companies' Debentures	3,491,400	205,200	2,848,400
Discharge of Debentures of Railway Companies working purchased Railways	...	...	510,000

232. The programme herein announced of the probable drawings on India, and of the transactions in connection with the Government Sterling Debt and the borrowings of Railway Companies, represents the present intentions of the Secretary of State. But in view of the varying conditions of Indian finance and of the London money market, no assurance can be given that this programme will be adhered to either in amount or in form. The Secretary of State reserves to himself the right to vary the programme to any extent that may be considered necessary during the course of the year. The estimate of Council drawings is for the amount necessary to provide for the Secretary of State's requirements, but additional Bills will as usual be sold if needed to meet the demands of trade.

* Exclusive of £6,630,000 appropriated for the Gold Standard Reserve.

INDIA.

233. The following is a summary of the Estimates of Ways and Means in India during 1909-1910 and 1910-1911:—

	Budget Estimate, 1909-1910.		Revised Estimate, 1909-1910.		Budget Estimate, 1910-1911.	
	Rupee figures.	Equivalent in £ at ₹15=£1.	Rupee figures.	Equivalent in £ at ₹15=£1.	Rupee figures.	Equivalent in £ at ₹15=£1.
Receipts.	₹	£	₹	£	₹	£
1. Excess of Revenue over Expenditure charged to Revenue	28,42,19,000	18,947,900	28,08,43,000	18,722,800	28,94,47,000	19,296,400
*2. Capital raised through Companies for outlay on State Railways (net)	3,60,00,000	2,400,000	3,68,91,000	2,459,400	3,89,63,000	2,597,500
Capital subscribed by Native States towards outlay on State Railways	...	...	10,00,000	66,700	...	...
4. Capital raised and deposited by Railway Companies	10,40,000	69,300	10,65,000	71,000	18,34,000	122,200
5. Unfunded Debt incurred, mostly Savings Bank deposits (net)	1,28,02,000	853,500	1,27,43,000	849,500	1,67,86,000	1,119,200
6. Appropriation for Reduction or Avoidance of Debt	44,34,000	295,600	65,80,000	438,700	75,00,000	500,000
7. Other Deposits and Remittances (net)	76,21,000	508,000	85,29,000	568,600	67,06,000	447,100
8. Remittance account between England and India—						
Transactions of Railway Companies (net) excluding debenture capital	4,68,80,000	3,125,300	3,55,16,000	2,367,700	4,39,37,000	2,929,100
Sterling bills drawn in India	...	...	23,40,000	156,000	...	...
Total Receipts excluding loans	39,29,96,000	26,199,600	38,55,07,000	25,700,400	40,51,73,000	27,011,500
Disbursements.						
9. Capital Expenditure not charged to Revenue—						
(*a*) State Railways and Irrigation Works	9,45,72,000	6,304,800	8,68,79,000	5,792,000	11,58,54,000	7,723,600
(*b*) Outlay by Companies (net)	1,58,64,000	1,057,600	1,45,59,000	970,600	1,62,49,000	1,083,200
10. Permanent Debt discharged (net)	19,28,000	128,600	22,87,000	152,400	19,26,000	128,400
†11. Provincial surpluses (—) or deficits (+)	30,08,000	200,500	—1,02,52,000	—683,500	95,07,000	633,800
12. Imperial and Provincial Loans (net)	—42,33,000	—282,300	—1,29,90,000	—866,000	—20,34,000	—135,600
13. Remittance account between England and India—						
*(*a*) Capital raised by Railway Companies (net)	3,60,00,000	2,400,000	3,68,91,000	2,459,400	3,89,63,000	2,597,500
(*b*) Other transactions (net)	—5,57,000	—37,100	—14,14,000	—94,300	—3,22,000	—21,400
14. Council Bills‡	24,09,65,000	16,064,300	26,05,36,000	17,369,100	24,15,16,000	16,101,100
Total Disbursements	38,75,47,000	25,836,400	37,64,96,000	25,099,700	42,16,59,000	28,110,600
Net Disbursements	—54,49,000	—363,200	—90,11,000	—600,700	1,64,86,000	1,099,100
Financed as follows:						
Permanent Debt incurred	2,50,00,000	1,666,700	2,50,00,000	1,666,700	1,50,00,000	1,000,000
Reduction of + or addition to — Treasury Balances	—3,04,49,000	—2,029,900	—3,40,11,000	—2,267,400	14,86,000	99,100
Total	—54,49,000	—363,200	—90,11,000	—600,700	1,64,86,000	1,099,100
Opening Balance	15,34,79,000	10,232,600	15,35,37,000	10,235,800	18,75,48,000	12,503,200
Closing Balance	18,39,38,000	12,262,500	18,75,18,000	12,503,200	18,60,62,000	12,404,100

*The figures under heads 2 and 13 (*a*) balance each other.
† Head 11 represents expenditure defrayed by reduction of Provincial balances.
‡ The figures shown under head 14 differ from those given in the Home Treasury Ways and Means statement, as Bills drawn by the Secretary of State towards the end of one year are paid in India in the next. The figures of the present statement represent payments in India.

1909-1910. Main features of Budget Estimates.

234. In the Budget Estimate of 1909-1910, the cash balance in Indian Treasuries on 1st April 1909 was taken at 15·35 lakhs. It was estimated (1) that the net Imperial revenue in India would amount to 28,42 lakhs, (2) that the net deposits in Savings Banks and Provident Institutions would increase during the year by 128 lakhs, (3) that a sum of 44 lakhs would be available from the

Famine Insurance grant for the avoidance of debt, (4) that the remittance transactions of Railway Companies would result in a net credit in India of 469 lakhs, (5) that repayments of loans granted to cultivators, municipalities, etc., in previous years would exceed the net amount of such loans to be issued during the year by 42 lakhs, and (6) that miscellaneous deposit and remittance transactions would yield a net receipt of 92 lakhs. On the other hand, provision was made (1) for a net expenditure of 30 lakhs from Provincial balances, (2) for capital expenditure in India on railways (inclusive of outlay by companies) and canals to the extent of 11,04 lakhs, (3) for the discharge of 19 lakhs of the permanent debt, and (4) for the payment of Council Bills to the extent of 24,10 lakhs. The total receipts amounting to 36,17 lakhs were sufficient to meet the total payment of 36,63 lakhs. But as the cash balances at the end of the year would have stood at the inconveniently low figure of 15,89 lakhs, it was proposed to replenish it by a loan of 2½ crores.

1909-1910. Main features of Revised Estimates.

235. The results according to the Revised Estimates show considerable variations from this forecast. The year opened with a balance which was nearly the same as the Budget forecast, and the full amount of the contemplated rupee loan of 2½ crores was raised in July. The revenue returns in the earlier months of the year, however, proved disappointing, while the Secretary of State's drawings were brisker than was anticipated. By the end of October the balances had fallen to 10 crores, and as they did not materially improve by the end of November, a sum of 3 crores had to be borrowed temporarily from the Gold Standard Reserve in the following month to meet the demands of the Home Treasury. The large amounts of opium revenue which have been coming in since November and the improvement in the Railway receipts have, however, wholly altered the situation. The whole of the temporary loan taken from the Gold Standard Reserve will be repaid by payment of Council Bills the proceeds of which are being appropriated by the Secretary of State for permanent or temporary investment on behalf of the Reserve in England; and we now expect to remit to the Secretary of State in aid of the Home Treasury £800,000 more than we budgeted, and still to close the year with a balance of 18,75 lakhs. Taking India as a whole, there will be an improvement of 99 lakhs over the Budget in the combined revenue account of the Imperial and Provincial Governments; though as a result of the large assignments from Imperial to Provincial described in paragraphs 9-12, this would appear in the accounts as a gain of 133 lakhs in the Provincial balances and a loss of 34 lakhs in the net Imperial revenue. A sum of 10 lakhs has been received from Native States towards the cost of construction of State railways, and one of 23 lakhs by the sale of sterling bills on London in September 1909, with a view to steady exchange. The amount available from the Famine Insurance grant for the avoidance of debt will exceed the Budget by 21 lakhs and the net receipts in connection with *takavi* and other loans will be more by 88 lakhs. There will also be an increase of 18 lakhs in the net receipts from miscellaneous deposit and remittance transactions; while a large saving of 90 lakhs will take place in the Budget provision for capital expenditure on railways (inclusive of outlay by companies) and on canals. The total improvement from all these sources amounts to 349 lakhs. But on the other hand the net credits from remittances of Railway Companies will fall short of the Budget Estimate by 114 lakhs; there will be an increase of 195 lakhs in the payment of Council Bills from treasury balances; and there will be a small increase of 4 lakhs in the amount of permanent debt discharged. The closing balances on 31st March 1910 will thus be 36 lakhs more than the Budget Estimate of 18,39 lakhs.

1909-1910. Rupee loan.

236. In paragraph 206 of the last Financial Statement it was announced, subject to the usual reservations, that a new 3½ per cent. rupee loan of 2½ crores would be raised in 1909-1910. Tenders for this loan were opened on the 28th July, and the result was as follows:—

Total amount tendered.	Amount accepted.	Average rate of accepted tenders.	Minimum rate accepted.
₹	₹	₹ a. p.	₹ a. p.
6,85,22,300	2,50,00,000	93 15 0·07	93 12 0

1910-1911. Main features of Budget Estimate.

237. In 1910-1911 the net Imperial revenue in India is estimated at 28,94 lakhs; Savings Banks and similar deposits are expected to yield a net receipt of 168 lakhs; a sum of 75 lakhs will be available from the Famine Insurance grant for the avoidance of debt; the remittance and capital transactions of Railway

Companies are likely to result in a net credit in India of 458 lakhs; repayments of loans granted to cultivators, municipalities, etc., in previous years will exceed the net amount of such loans to be issued during the year by 20 lakhs; and deposits and miscellaneous remittance transactions are expected to show a net receipt of 70 lakhs. On the other hand provision has been made: (1) for an expenditure of 95 lakhs from Provincial balances, and of 19 lakhs in connection with the redemption of permanent debt; (2) for capital expenditure of 13,21 lakhs in India on Railways and Canals; and (3) for payment of Council Bills to the extent of 24,15 lakhs. The total amount of funds required by the Government of India next year therefore aggregates 38,50 lakhs, while the receipts at its disposal amount to only 36,85 lakhs.

1910-1911. New Rupee loan.

238. It will not be possible to provide any considerable portion of the additional funds required from the cash balances which are expected to stand at the beginning of the year at 18,75 lakhs. It is accordingly intended to raise a new rupee loan of 1½ crores in 1910-1911. With a loan of this amount it will be possible to close the year, according to the present estimate, with a balance of about 18,60 lakhs. The announcement now made regarding the rupee loan is in accordance with present intentions; but full liberty is reserved, as usual, to vary the programme now announced to any extent that may be considered desirable.

1909-1910 and 1910-1911. Post Office Savings Banks, etc.

239. The following table gives details of the transactions of Savings Banks and Provident funds during a series of years, and the estimated transactions for 1909-1910 and 1910-1911 :—

Year.	Net additions to deposits, cash.	Interest.	Total addition.
	₹	₹	₹
1899-1900	1,40,000	33,48,000	34,88,000
1900-1901	19,44,000	34,80,000	54,24,000
1901-1902	31,04,000	36,87,000	67,91,000
1902-1903	52,40,000	39,00,000	91,40,000
1903-1904	66,99,000	42,15,000	1,09,14,000
1904-1905	78,94,000	45,87,000	1,24,81,000
1905-1906	31,49,000	46,80,000	78,29,000
1906-1907	50,94,000	52,25,000	1,03,19,000
1907-1908	14,86,000	53,50,000	68,36,000
1908-1909	—26,22,000	54,63,000	28,41,000
1909-1910 (Revised)	60,78,000	57,09,000	1,17,87,000
1910-1911 (Budget)	94,85,000	61,72,000	1,56,57,000

240. The Budget estimate of 25 lakhs for net deposits in Postal Savings Banks in the current year will be almost wholly realised. For next year the estimate of deposits in these Banks is taken at 40 lakhs and the deposits in the new General Provident Fund for Government servants are expected to grow by 44 lakhs.

J. S. MESTON.

The 25th February 1910.

No. 4 OF 1910.

A Bill further to amend the Indian Stamp Act, 1899.

WHEREAS it is expedient further to amend the Indian Stamp Act, 1899; It is hereby II of 1899.
enacted as follows:—

Short title and commencement.

1. This Act may be called the Indian Stamp (Amendment) Act, 1910.

Amendment of Act II, 1899, section 8.

2. In section 8, sub-section (*1*), of the Indian Stamp Act, 1899 (hereinafter referred to as "the said Act"), for the words "eight annas per centum" the words "one per centum" shall be substituted.

Amendment of Act II, 1899, Schedule I.

3. In Schedule I of the said Act the following amendments shall be made, namely:—

(i) In Article No. 5, for the words "one anna" in the second column opposite clause (*a*) the following shall be substituted, namely:—

"Subject to a maximum of ten rupees, one anna for every Rs. 500 or part thereof of the value of the security or share or the amount of the bill."

(ii) In Article No. 13, for clause (*b*) the following shall be substituted, namely:—

	If drawn singly.	If drawn in set of two, for each part of the set.	If drawn in set of three, for each part of the set.
(*b*) where payable otherwise than on demand, but not more than one year after date or sight—			
	Rs.	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
if the amount of the bill or note does not exceed . .	200	0 2 0	0 1 0	0 1 0
if it exceeds Rs. 200 and does not exceed . .	500	0 6 0	0 3 0	0 2 0
Ditto „ 500 ditto . .	1,000	0 12 0	0 6 0	0 4 0
Ditto „ 1,000 ditto . .	1,200	1 2 0	0 9 0	0 6 0
Ditto „ 1,200 ditto . .	1,600	1 8 0	0 12 0	0 8 0
Ditto „ 1,600 ditto . .	2,500	2 4 0	1 2 0	0 12 0
Ditto „ 2,500 ditto . .	5,000	4 8 0	2 4 0	1 8 0
Ditto „ 5,000 ditto . .	7,500	6 1 0	3 6 0	2 4 0
Ditto „ 7,500 ditto . .	10,000	9 0 0	4 8 0	3 0 0
Ditto „ 10,000 ditto . .	15,000	13 8 0	6 12 0	4 8 0
Ditto „ 15,000 ditto . .	20,000	18 0 0	9 0 0	6 0 0
Ditto „ 20,000 ditto . .	25,000	22 8 0	11 4 0	7 8 0
Ditto „ 25,000 ditto . .	30,000	27 0 0	13 8 0	9 0 0
and for every additional Rs. 10,000 or part thereof in excess of Rs. 30,000		9 0 0	4 8 0	3 0 0

(iii) In Article No. 27, for the entry in the second column, the following shall be substituted, namely:—

"The same duty as a conveyance (No. 23), for a consideration equal to the face amount of the debenture."

(iv) In Article No. 59, in the second column, for the words "Three-quarters of", the words "one and a half times" shall be substituted.

(v) In Article No. 62, in the second column, for the words "one-quarter" where they occur opposite clauses (*a*) and (*b*), the words "one-half" shall be substituted.

STATEMETNT OF OBJECT AND REASONS.

THIS Bill proposes to amend the Indian Stamp Act, 1899, in order to increase the duties which are leviable on certain instruments under that Act. The measure is purely a fiscal one, and the classes of documents which have been selected for enhanced taxation are among those on which the present rates of duty fall with comparative lightness.

2. The proposals are—

First.—To double the present duties chargeable on—

(*a*) the issue of debentures by a local authority;

(*b*) debentures generally;

(*c*) share-warrants to bearer issued under the Indian Companies' Act, 1882; and

(*d*) transfers of shares and debentures;

Second.—To raise the duty on an agreement or memorandum of agreement for the sale of Government securities, shares or bills of exchange, from a fixed sum of one anna to a graduated sum, varying with the amount of the consideration for the sale, but subject to a maximum charge of Rs. 10; and

Third.—To increase by roughly one-half the duty on bills of exchange and promissory notes.

GUY FLEETWOOD WILSON.

The 25th February 1910.

NO. 5 OF 1910.

A Bill further to amend the Court-fee Act, 1870.

VII of 1870. WHEREAS it is expedient further to amend the Court-fees Act, 1870; It is hereby enacted as follows:—

Short title and commencement.

1. This Act may be called the Court-fees (Amendment) Act, 1910.

VII of 1889.

2. In Schedule I to the Court-fees Act, 1870, as amended by the Succession Certificate Act, 1889, the following amendments shall be made, namely:—

Amendment of Act VII, 1870, Schedule I.

(*i*) in article 11, for the entries in the second and third columns, the following shall be substituted, namely:—

When the amount or value of the property in respect of which the grant of probate or letters is made exceeds one thousand rupees, but does not exceed ten thousand rupees.	Two per centum on such amount or value.
When such amount or value exceeds ten thousand rupees, but does not exceed fifty thousand rupees.	Two and one-half per centum on such amount or value.
When such amount or value exceeds fifty thousand rupees.	Three per centum on such amount or value.
Provided that when, after the grant of a certificate under the Succession Certificate Act, 1889, or under the Regulation of the Bombay Code No. VIII of 1827, in respect of any property included in an estate, a grant of probate or letters of administration is made in respect of the same estate, the fee payable in respect of the latter grant shall be reduced by the amount of the fee paid in respect of the former grant.	

(*ii*) in article 12A, for the entries in the second and third columns, the following shall be substituted, namely:—

(1) As regards debts and securities.	The same fee as would be payable in respect of a certificate under the Succession Certificate Act, 1889, or in respect of an extension of such a certificate, as the case may be.
(2) As regards other property in respect of which the certificate is granted—	
When the amount or value of such property exceeds one thousand rupees, but does not exceed ten thousand rupees.	Two per centum on such amount or value.
When such amount or value exceeds ten thousand rupees, but does not exceed fifty thousand rupees.	Two and one-half per centum on such amount or value.
When such amount or value exceeds fifty thousand rupees.	Three per centum on such amount or value.

STATEMENT OF OBJECTS AND REASONS.

THE Bill proposes to raise the existing duty payable on the probate of a will or letters of administration, as well on the certificates taken out under the Bombay Regulation No. VIII of 1827. The measure is a purely fiscal one; and the proposal is to increase the present rate only in the case of estates valued at more than Rs. 10,000. The enhancement is studiously moderate, namely, 2½ per cent. (instead of the present 2 per cent.) when the estate is valued at from Rs. 10,000 to Rs. 50,000; and 3 per cent. on all properties valued at more than Rs. 50,000.

GUY FLEETWOOD WILSON.

The 25th February 1910.

No. 6 OF 1910.

A Bill further to amend the Indian Tariff Act, 1894.

WHEREAS it is expedient further to amend the Indian Tariff Act, 1894; It is hereby enacted as follows: VIII of 1894.

Short title and commencement.

1. (*1*) This Act may be called the Indian Tariff (Amendment) Act, 1910; and

(*2*) It shall be deemed to have come into force on the 25th day of February 1910.

Substitution of new Schedule for Schedule III, Act VIII, 1894.

2. For Schedule III to the Indian Tariff Act, 1894, as amended by the Indian Tariff Act (1894) Amendment Act, 1896, the Indian Tariff (Amendment) Act, 1906, and the Indian Tariff (Amendment) Act, 1908, the Schedule appended to this Act shall be substituted. VIII of 1894. III of 1896. I of 1906. II of 1908.

Amendment of Schedule IV, Act VIII, 1894.

3. In Schedule IV to the Indian Tariff Act, 1894, as amended by the Indian Tariff Act (1894) Amendment Act 1896, the following amendments shall be made, namely:— VIII of 1894. III of 1896.

(*i*) In No. 11, the entries—

"Tobacco, unmanufactured	...	...	Free.
Tobacco, manufactured	...	*ad valorem*	Five per cent."

shall be omitted:

(*ii*) In No. 15, the entries:—

"Silver bullion or coin except current coin of Government of India, which is free.	...	*ad valorem*	Five per cent."

shall be omitted.

(*iii*) In No. 16, in the fifth column, opposite the entry "Petroleum", for the words "One anna" the words "One anna and six pies" shall be substituted.

Repeal.

4. The Indian Tariff (Amendment) Act, 1906, and the Indian Tariff (Amendment) Act, 1908, are hereby repealed. I of 1906. II of 1908.

SCHEDULE III.—(IMPORT TARIFF).

LIQUORS, OPIUM, SALT, SALTED FISH, TOBACCO AND SILVER.

No.	Names of Articles.	Per	Rate of duty.
	LIQUORS—		₹ a.
1	Ale, beer and porter	liquid gallon . .	0 3
	Cider and other fermented liquors . .		
	Liqueurs and sweetened spirits, cordials, bitters, perfumed spirits and toilet preparations containing spirits . .	" " . .	13 0
	Spirit which has been rendered effectually and permanently unfit for human consumption	*ad valorem* . . .	Five per cent.
	Spirit used in drugs, medicines or chemicals	proof gallon . . .	7 13
	Spirit, other sorts	" " . . .	9 6
	WINES—		
	Champagne and all other sparkling wines not containing more than 42 per cent. of proof spirit	liquid gallon . . .	3 12
	All other sorts of wines not containing more than 42 per cent. of proof spirit	" " . . .	1 8
	Provided that all sparkling and still wines containing more than 42 per cent. of proof spirit shall be liable to duty at the rate applicable to spirit, other sorts.		
2	OPIUM and its alkaloids . . .	ser of 80 tolas . .	24 0

SCHEDULE III.—(IMPORT TARIFF).

LIQUORS, OPIUM, SALT, SALTED FISH, TOBACCO AND SILVER—*continued.*

No.	Names of Articles.	Per	Rate of duty
3	SALT	Indian maund of 82⅔ lb. avoirdupois weight.	The rate at which excise-duty is for the time being leviable on salt manufactured in the place where the import takes place.
4	SALTED FISH, wet or dry . . .	Indian maund of 82⅔ lb. avoirdupois weight.	Such rate or rates of duty, not exceeding twelve annas, as the Governor General in Council may, by notification in the *Gazette of India*, from time to time prescribe.
5	TOBACCO—		*R a.*
	Unmanufactured	pound	1 8
	Cigars	„	2 8
	Cigarettes weighing less than 3 lbs. per thousand	thousand . . .	5 0
	Cigarettes weighing 3 lbs. or more per thousand	pound	2 0
	Manufactured, other sorts . . .	„	1 10
6	SILVER bullion or coin, except current coin of the Government of India, which is free	ounce	0 4

STATEMENT OF OBJECTS AND REASONS.

This Bill proposes to alter the Indian Tariff Act, 1894, by increasing the present import-duties on liquors, tobacco, silver and petroleum. The measure is essentially a fiscal one: and if it becomes law, the intention is to put it into retrospective effect from the 25th February. Simultaneously, the excise duties levied in India on beer which is locally brewed and on spirits which are locally manufactured to resemble imported spirits, will be raised to the new tariff rates.

2. The duty on beer was raised two years ago, but it is still low, and the last enhancement does not appear to have decreased the consumption The duties on wines have not been changed since 1875, and they are clearly inadequate. The present duty on imported spirits is now below the rates which are levied in many parts of India as excise on indigenous spirits; and the import of cheap foreign alcohols is unduly favoured by the existing tariff rates. It is now proposed to raise the normal tariff rate to the convenient figure of 1½ annas per degree of proof. A corresponding increase is made in the rate for liqueurs, and advantage has been taken of the opportunity to make the definition of this class of liquors at once similar and more comprehensive. An arbitrary and frequently unworkable distinction in the taxation of spirits used in drugs and medicines has been removed as unsuitable to present conditions; and those spirits have been relieved of the full rate of duty in recognition of the purposes for which they are employed.

3. A minor change in Schedule III of the Act is proposed by bringing the alkaloids of opium into the same category, for the purpose of taxation, as opium itself. The intention is to impose an adequate duty on morphia and its congeners when imported otherwise than as ingredients in recognised medicines.

4. The next proposal is to impose a quantitative duty on tobacco, which has never yet borne its fair share of taxation. Incidentally, some check may be imposed on the detrimental habit of excessive cigarette-smoking.

5. The enormous imports of silver and petroleum in recent years point to those commodities as suitable for increased taxation. The object is solely an enhancement in revenue and it is considered preferable to obtain the extra taxation from a few articles of comparative luxury in practically universal use, rather than to spread it over a large number of commodities used by the poorer classes and from many of which the increased yield would be insignificant.

6. Clause 4 is intended to repeal the Acts which brought into force the most recent enhancements in the duties on spirits and beer respectively.

GUY FLEETWOOD WILSON.

The 25th February 1910.

ACT NO. VI OF 1910.

An Act further to amend the Indian Stamp Act, 1899.

WHEREAS it is expedient further to amend the Indian Stamp Act, 1899; It is hereby 11 of 1899.
enacted as follows:—

Short title.

1. This Act may be called the Indian Stamp (Amendment) Act, 1910.

Amendment of Act II, 1899, section 8.

2. In section 8, sub-section (*1*), of the Indian Stamp Act, 1899 (hereinafter referred to as "the said Act,") for the words "eight annas per centum" the words "one per centum" shall be substituted.

Amendment of Act II, 1899, Schedule I.

3. In Schedule I of the said Act the following amendments shall be made, namely:—

(i) For Article No. 5 the following shall be substituted:—

"5. AGREEMENT OR MEMORANDUM OF AN AGREEMENT—

(*a*) if relating to the sale of a bill of exchange:	Two annas.
(*b*) if relating to the sale of a Government security or share in an incorporated company or other body corporate;	Subject to a maximum of ten rupees, one anna for every Rs. 10,000 or part thereof of the value of the security or share.
(*c*) if not otherwise provided for.	Eight annas.
Exemptions.	
Agreement or memorandum of agreement— (*a*) for or relating to the sale of goods or merchandise exclusively, not being a NOTE OR MEMORANDUM chargeable under No. 43; (*b*) made in the form of tenders to the Government of India for or relating to any loan; (*c*) made under the European Vagrancy Act, 1874, section 17.	IX of 1874.

(ii) In Article No. 13, for clause (*b*) the following shall be substituted, namely:—

			If drawn in set of two, for each part of the set.	If drawn in set of three, for each part of the set.
(*b*) where payable otherwise than on demand, but not more than one year after date or sight—	Rs.	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
if the amount of the bill or note does not exceed	200	0 2 0	0 1 0	0 1 0
if it exceeds Rs. 200 and does not exceed	400	0 4 0	0 2 0	0 2 0
Ditto 400 ditto	600	0 6 0	0 3 0	0 2 0
Ditto 600 ditto	1,000	0 12 0	0 6 0	0 4 0
Ditto 1,000 ditto	1,200	1 2 0	0 9 0	0 6 0
Ditto 1,200 ditto	1,600	1 8 0	0 12 0	0 8 0
Ditto 1,600 ditto	2,500	2 4 0	1 2 0	0 12 0
Ditto 2,500 ditto	5,000	4 8 0	2 4 0	1 8 0
Ditto 5,000 ditto	7,500	6 12 0	3 6 0	2 4 0
Ditto 7,500 ditto	10,000	9 0 0	4 8 0	3 0 0
Ditto 10,000 ditto	15,000	13 8 0	6 12 0	4 8 0
Ditto 15,000 ditto	20,000	18 0 0	9 0 0	6 0 0
Ditto 20,000 ditto	25,000	22 8 0	11 4 0	7 8 0
Ditto 25,000 ditto	30,000	27 0 0	13 8 0	9 0 0
and for every additional Rs. 10,000 or part thereof in excess of	30,000	9 0 0	4 8 0	3 0 0

(iii) For Article No. 27 the following shall be substituted namely:—

"27. DEBENTURE (whether a mortgage debenture or not), being a marketable security transferable—	
(*a*) by endorsement or by a separate instrument of transfer;	The same duty as Bond (No. 15) for the same amount.
(*b*) by delivery	The same duty as a conveyance (No. 23) for a consideration equal to the face amount of the debenture.
Explanation.—The term 'Debenture' includes any interest coupons attached thereto, but the amount of such coupons shall not be included in estimating the duty.	
Exemption.	
A debenture issued by an incorporated company or other body corporate in terms of a registered mortgage-deed, duly stamped in respect of the full amount of debentures to be issued thereunder, whereby the company or body borrowing makes over, in whole or in part, their property to trustees for the benefit of the decenture-holders: provided that the debentures so issued are expressed to be issued in terms of the said mortgage-deed.	
See also BOND (No. 15) and Sections 8 and 55."	

(iv) For Article No. 43 the following shall be substituted, namely :—

"43 NOTE OR MEMORANDUM sent by a Broker or Agent to his principal intimating the purchase or sale on account of such principal—	
(*a*) of any goods exceeding in value twenty rupees;	Two annas.
(*b*) of any stock or marketable security exceeding in value twenty rupees.	Subject to a maximum of ten rupees, one anna for every Rs. 10,000 or part thereof of the value of the stock or security."

(v) In Article No. 59, in the second column, for the words "Three-quarters of" the words "One and a half times" and in the *EXEMPTIONS*, for the word "three-quarters" each time it occurs the words "one and a half" shall be substituted.

(vi) In Article No. 62, in the second column, for the word "One-quarter" where it occurs opposite clauses (*a*) and (*b*) the word "One-half" shall be substituted.

WE, the undersigned, Members of the Select Committee to which the Bill further to amend the Indian Stamp Act, 1899, was referred, have considered the Bill, and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

2. *Clause 3* (i) has been altered so as to discriminate between stock exchange transactions and the class of transactions carried through by bill and exchange brokers. For the former a graduated scale of duty has been maintained, but the rates have been reduced, as the Committee consider that the rates originally proposed might hamper the free circulation of securities. For the latter class of transactions a fixed duty of two annas is proposed, as the operations are frequently conducted on a narrow margin.

3. *Clause 3* (ii) has been altered so as to retain the existing rates of duty for bills or notes of which the amount does not exceed Rs. 600. Small *hundis* and similar petty transactions will thus be exempted from the enhancement in duty.

4. *Clause 3* (iii) has been altered so as to distinguish between debentures which are transferable by delivery, and those which require an endorsement or separate deed of transfer. The latter are left at their present rate of duty, as they will be amenable, whenever they change hands, to the increased transfer duty under article 62. Debentures payable to bearer, however, will be subject to the higher rate originally proposed, as they escape transfer duty. This is on the analogy of the enhanced rate now proposed on securities issued under section 8 of the Act.

4. *A new clause 3* (iv) has been introduced, so as to bring the duty on brokers' notes ("bought and sold" notes) into line with the enhanced duties on agreements to sell (article 5). Some doubt has been expressed whether certain classes of transactions which it was intended to tax under article 5 could not be passed under article 43, and it is desirable to prevent possible evasion of the new duties.

5. The Bill has been published in the Gazette of India of the 26th February 1910.

6. We think that the Bill has not been so altered as to require re-publication, and we recommend that it be passed as now amended.

GUY FLEETWOOD WILSON.
S. P. SINHA.
J. S. MESTON.
J. B. BRUNYATE.
C. H. KESTEVEN.
BHUPENDRA NATH BASU.
M. G. BAH TOO.
M. HAQUE.

The 3rd March 1910.

ACT NO. VII OF 1910.

An Act Further to amend the Court-fees Act, 1870.

WHEREAS it is expedient further to amend the Court-fees Act, 1870; It is hereby enacted as follows :—

Short title.

1. This Act may be called the Court-fees (Amendment) Act, 1910.

VII of 1870.

2. In Schedule I to the Court-fees Act, 1870, as amended by the Succession Certificate Act, 1889, the following amendments shall be made, namely :—

Amendment of Act VII, 1870, Schedule I.

(i) in article 11, for the entries in the second and third columns, the following shall be substituted, namely :—

VII of 1889. When the amount or value of the property in respect of which the grant of probate or letters is made exceeds one thousand rupees, but does not exceed ten thousand rupees.	Two per centum on such amount or value.

When such amount or value exceeds ten thousand rupees, but does not exceed fifty thousand rupees.	Two and one-half per centum on on such amount or value.
When such amount or value exceeds fifty thousand rupees.	Three percentum on uch amount or value.

Provided that when, after the grant of a certificate under the Succession Certificate Act, 1889, or under the Regulation of the Bombay Code No. VIII of 1827, in respect of any property included in an estate, a grant of probate or letters of administration is made in respect of the same estate, the fee payable in respect of the latter grant shall be reduced by the amount of the fee paid in respect of the former grant.

(ii) in article 12A, for the entries in the second and third columns, the following shall be substituted, namely :—

(1) As regards debts and securities.	The same fee as would be payable in respect of a certificate under the Succession Certificate Act, 1889, or in respect of an extension of such a certificate, as the case may be.
(2) As regards other property in respect of which the certificate is granted—	
When the amount or value of such property exceeds one thousand rupees, but does not exceed ten thousand rupees.	Two per centum on such amount or value.
When such amount or value exeeds ten thousand rupees, but does not exceed fifty thousand rupees.	Two and one-half per centum on such amount of value.
When such amount or value exceeds fifty thousand rupees.	Three per centum on such amount or value.

Exemption of certain probates, letters of administration and certificates.

3. Nothing in this Act shall apply to any probate, letters of administration or certificate in respect of which the fee payable under the law for the time being in force has been paid prior to the commencement of this Act but which have not been issued.

LEGISLATIVE DEPARTMENT.

WE, the undersigned, Members of the Select Committee to which the Bill further to amend the Court-fees Act, 1870, was referred, have considered the Bill, and have now the hon ur to submit this our Report.

2. The Bill has bsen published in the Gazette of India of the 26th February 1910.

3. We have no alterations to suggest and we recommend that the Bill as introduced be passed.

GUY FLEETWOOD WILSON.
S. P. SINHA.
J. S, MESTON.
J. B. BRUNYATE.
C. H. KESTEVEN.
BHUPENDRA NATH BASU.
M.G BAH TOO.
M. HAQUE.

ACT NO. VIII OF 1910.

An Act further to amend the Indian Tariff Act, 1894.

WHEREAS it is expedient further to amend the Indian Tariff Act, 1894; It is hereby enacted as follows : VIII of 1894.

Short title and commencement.

1. (*1*) This Act may be called the Indian Tariff (Amendment) Act, 1910; and

(*2*) It shall be deemed to have come into force on the 25th day of February 1910.

Substitution of new Schedule for Schedule III, Act VIII, 1894.

2. For Schedule III to the Indian Tariff Act, 1894, as amended by the Indian Tariff Act (1894) Amendment Act, 1896, the Indian Tariff (Amendment) Act, 1906, and the Indian Tariff (Amendment) Act, 1908, the Schedule appended to this Act shall be substituted. VIII of 1894. III of 1896. I of 1906. II of 1908.

Amendment of Schedule IV, Act VIII, 1894.

3. In Schedule IV to the Indian Tariff Act, 1894, as amended by the Indian Tariff Act (1894) Amendment Act, 1896, the following amendments shall be made, namely :— VIII of 1894. III of 1896.

(i) In No. 11, the entries—

" Tobacco, unmanufactured	...	...	Free.
" Tobacco manufactured	...	*ad valorem*	Five per cent."

shall be omitted.

(ii) In No. 15, the entries—

" Silver bullion or coin, except current coin of Government of India, which is free.	...	*ad valorem*	Five per cent."

shall be omitted.

(iii) In No. 16, in the fifth column, opposite the entry " Petroleum ", for the words " One anna " the words " One anna and six pies " shall be substituted.

Repeal.

4. The Indian Tariff (Amendment) Act, 1906, and the Indian Tariff (Amendment Act, 1908, are hereby repealed. I of 1906. II of 1908.

SCHEDULE III—(IMPORT TARIFF).

LIQUORS, OPIUM, SALT, SALTED FISH TOBACCO AND SILVER.

No.	Names of Articles.	Per	Rate of duty.
			₹ a.
1	LIQUORS—		
	Ale, beer and porter	Imperial gallon or six quart bottles.	0 3
	Cider and other fermented liquors . .		
	Liqueurs and sweetened spirits, cordials, bitters, perfumed spirits and toilet preparations containing spirit . . .	,,	13 0
	Spirit which has been rendered effectually and permanently unfit for human consumption	*ad valorem* . .	Five per cent.
	Spirit used in drugs, medicines or chemicals	Imperial gallon or six quart bottles of the strength of London proof.	7 13 and the duty to be increased or reduced in proportion as the strength of the spirit exceeds or is less than London proof.
	Spirit, other sorts	,,	9 6 and the duty to be increased or reduced in proportion as the strength of the spirit exceeds or is less than London proof.
	WINES—		
	Champagne and all other sparkling wines not containing more than 42 per cent. of proof spirit.	Imperial gallon or six quart bottles.	3 12
	All other sorts of wines not containing more than 42 per cent. of proof spirit	,,	1 8
	Provided that all sparkling and still wines containing more than 42 per cent. of proof spirit shall be liable to duty at the rate applicable to spirit, other sorts.		
2	OPIUM and its alkaloids . . .	seer of 80 tolas . .	24 0
3	SALT	Indian maund of 82⅔ lbs. avoirdupois weight.	The rate at which excise-duty is for the time being leviable on salt manufactured in the place where the import takes place.
4	SALTED FISH, wet or dry . . .	Indian maund of 82⅔ lbs. avoirdupois weight.	Such rate or rates of duty, not exceeding twelve annas, as the Governor General in Council may, by notification in the Gazette of India, from time to time prescribe.
	TOBACCO—		₹ a.
	Unmanufactured	pound	1 8
	Cigars	,, ...	2 8
	Cigarettes weighing less than 3 lbs. per thousand.	thousand	5 0
	Cigarettes weighing 3 lbs. or more per thousand.	pound	2 0
	Manufactured, other sorts . . .	,, ...	1 10
6	SILVER bullion or coin, except current coin of the Government of India, which is free	ounce	0 4

WE, the undersigned, Members of the Select Committee to which the Bill further to amend the Indian Tariff Act, 1894, was referred, have considered the Bill, and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

2. The only alteration which we have made in the Bill as introduced is the restoration in the new Schedule of the provisions of the existing Schedule III as to the method of calculating duty on liquors.

3. The Bill has been published in the Gazette of India of the 26th February 1910.

4. We think that the measure has not been so altered as to require re-publication, and we recommend that it be passed as now amended.

GUY FLEETWOOD WILSON.
S. P. SINHA.
J. M. HOLMS.
F. C. GATES.
J. S. MESTON.
C. G. TODHUNTER.
C. W. N. GRAHAM.

The 3rd March 1910.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO 1909 (24 & 25 VICT., C. 67, 55 & 56 VICT., C. 14, AND 9 EDW. VII, C. 4).

The Council met at Government House on Friday, the 25th February 1910.

PRESENT.

His Excellency THE EARL OF MINTO, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*,

and 59 Members, of whom 54 were Additional Members.

* * * * *

INDIAN STAMP (AMENDMENT) BILL.

The Hon'ble MR. MESTON moved for leave to introduce a Bill further to amend the Indian Stamp Act, 1899. He said:—"This particular motion does not appear on the List of Business which Hon'ble Members have in their hands, and, with Your Lordship's permission, it will be followed by several other motions which also do not find a place in the agenda, but they are essential and integral parts of the Budget proposals explained in the speech to which we have just listened. The Hon'ble Finance Member has told the Council that, in order to make our revenue and our expenditure balance, it will be necessary to raise next year further taxation which will yield roughly 170 lakhs of rupees, and it is proposed to get this taxation from three separate sources—from increased duties on customs, from raising certain of the stamp-duties upon documents, and from enlarged rates of excise under the orders of Provincial Governments. The third of these proposals will be for Local Governments to deal with. They will take measures at once to enforce the increased excise-duties, either by notification or by such other legal processes as may be necessary. The processes which are required to obtain the extra revenue on customs and on stamps are matters for the Imperial Legislature, and it is proposed at once to introduce the necessary Bills. We must do this without delay in order to prevent evasion of taxation. This legislation will take the form of three amending Acts, an Act dealing with the tariff law, the other two Acts dealing with the stamp law. The last two might possibly have been amalgamated in one, but it was found convenient to take each of the Acts which lays down the substantive law and to amend them separately.

"What I have to ask the Council to consider first is a Bill to amend the Indian Stamp Act Schedule in certain respects. The intention of the Bill is to take the extra revenue which we require from the smallest number of items with the least possible inconvenience to trade and the least possible hardship to the general public. Now the Indian Stamp Act deals with a very large number of documents. We require only about 20 lakhs of extra revenue. The consequence is that we endeavour as far as possible to avoid any interference with the general business of the community. We do not propose, for example, to interfere with the rates on bonds and mortgages, conveyances and leases, on receipts or cheques, or practically on any other of the ordinary incidents of every-day life. When these are eliminated from the schedule, we find ourselves left with the instruments of credit, *viz.*, bills of exchange and promissory notes, and with the instruments which affect business or the operations of the Stock Exchange. It is on these, accordingly, Sir, that we propose to ask for the extra taxation which we require. The precise items which we propose to touch concern the issue of debentures which at present pay a duty of $1\frac{1}{2}$ per cent, share warrants to bearer which at present pay $\frac{3}{4}$ per cent., and all documents affecting the transfer of shares and debentures which at present pay $\frac{1}{4}$ per cent. The rates in force in England are exactly double of these rates, and the proposal which this Bill contains is that we should assimilate our rates to the English rates; that we should double the rates on debentures, on share warrants and on documents of transfer.

"There remains only one other somewhat important transaction which I do not think will be affected, yet which is referred to by the present Chancellor of the Exchequer in words which I may very suitably quote. Mr. Lloyd George said: 'A block of shares may be sold and re-sold several times in the course of

passing from one permanent holder to another, and the whole of these transactions may be covered by a single transfer from the first seller to the final purchaser. In such cases the intermediate transactions escape taxation altogether, except for the stamp-duty which is chargeable upon the broker's contract note.' That, I take it, is practically the law in India, and the duty for these intermediate purchases and sales and transfers is only one anna, whatever may be the value of the consideration involved. We propose to amend this by taking the rate up into a graduated scale and enforcing one anna for every Rs. 500 or part of Rs. 500 of the value of the security of the share or the amount of the bill which changes hands. As regards bills of exchange and promissory notes, we propose a moderate addition of roughly 50 per cent. That, Sir, closes the list of the enhanced duties which we propose in this Bill; it is not a heavy or burdensome list, and I accordingly beg for leave to introduce it."

The motion was put and agreed to.

The Hon'ble MR. MESTON introduced the Bill.

The Hon'ble MR. MESTON moved that the Rules of Business be suspended to admit of the Bill being referred to a Select Committee.

THE PRESIDENT declared the Rules suspended.

The Hon'ble MR. MESTON moved that the Bill be referred to a Select Committee consisting of the Hon'ble Sir Guy Fleetwood Wilson, the Hon'ble Mr. S. P. Sinha, the Hon'ble Mr. Brunyate, the Hon'ble Mr. Kesteven, the Hon'ble Babu Bhupendra Nath Basu, the Hon'ble Sardar Partab Singh, the Hon'ble Maung Bah Too, the Hon'ble Mr. Mazharul Haque, and the mover, with instructions to report on Friday, the 4th March.

The motion was put and agreed to.

COURT-FEES (AMENDMENT) BILL.

The Hon'ble MR. MESTON moved for leave to introduce a Bill further to amend the Court-fees Act, 1870. He said:—"This is the second of the small measures to which I referred in my previous remarks. It is necessary to make a special piece of legislation of this, but all that we propose to do is to raise the present rates on probate. There is at present in India nothing at all corresponding to the large revenue which the English Government receive from death-duties, succession-duties and estate-duties. The nearest approach to it is the very small duty which we receive from probates, and these rates, these duties, may very reasonably be somewhat extended. The present duty in India, Sir, is 2 per cent. all round, whatever may be the value of the property in respect of which probate is granted or letters of administration taken out. In England, before probate-duties were absorbed by the present estate-duties, the probate rate used to be 2 per cent. for estates of the value of £500 or less, it was 2½ per cent. for estates valued at from £500 to £1,000, and it was 3 per cent. for estates to the value of £1,000 and upwards. We propose, however roughly, to assimilate our Indian rates to those, and in this Bill the suggestion is that the rate should be raised to 2½ per cent. on estates which are valued at Rs. 10,000 and over and to 3 per cent. on estates valued at Rs. 50,000 and over. We believe that in this way we shall increase our revenue by the moderate amount of 5 lakhs. I beg leave to introduce the Bill."

The Hon'ble BABU BHUPENDRA NATH BASU:—"Is the Hon'ble Member aware that in applications for probate and letters of administration, the duty is paid at the time that application is made, and that probate or letters of administration are issued long after? The Hon'ble Member must be aware that in the present day, in many estates, the orders have been made for the issue of probate and letters of administration after the duty has been paid. Will he make these estates liable to pay the enhanced duty, or will they pay the old duty?"

The Hon'ble MR. MESTON:—My Lord, I would suggest that the Hon'ble Member's suggestion be taken into consideration in Select Committee."

The motion was put and agreed to.

The Hon'ble MR. MESTON introduced the Bill.

The Hon'ble MR. MESTON moved that the Rules of Business be suspended to admit of the Bill being referred to a Select Committee.

THE PRESIDENT declared the Rules suspended.

The Hon'ble MR. MESTON moved that the Bill be referred to a Select Committee consisting of the Hon'ble Sir Guy Fleetwood Wilson, the Hon'ble

Mr. S. P. Sinha, the Hon'ble Mr. Brunyate, the Hon'ble Mr. Kesteven, the Hon'ble Babu Bhupendra Nath Basu, the Hon'ble Sardar Partab Singh, the Hon'ble Maung Bah Too, the Hon'ble Mr. Mazharul Haque, and the mover, with instructions to report on Friday, the 4th March.

The motion was put and agreed to.

INDIAN TARIFF (AMENDMENT) BILL.

The Hon'ble MR. MESTON moved for leave to introduce a Bill further to amend the Indian Tariff Act, 1894. He said:—"It is from this measure that we expect to get the greater part of the extra revenue which we require. As the Hon'ble Finance Member has explained, we aim at getting an additional revenue of one crore from the customs tariff, and we hope to get this amount by means of fresh taxation on liquors, tobacco, silver and petroleum.

"This does not mean tariff reform. Our schedule is not a particularly good one. In many respects it is out of date. It is full of anomalies, as I suppose most schedules are. But it is also studded with obsolete concessions and with favoured rates which the present state of Indian industries no longer justifies. There is thus a very strong temptation to take the schedule up, go into it scientifically and overhaul it.

"That temptation however we have resisted. The work must wait for another occasion. Our present proposals aim at getting the maximum amount of revenue out of the smallest number of commodities with the least inconvenience to trade and the least hardship to the consumer. If you take our tariff schedule for, say, the last year and look down the list of items, you will at once see how easy it is to single out a few important articles which yield the chief slices of revenue. They are liquors, which last year gave us about a crore; petroleum which gave us half a crore; silver which gave us half a crore; sugar and piece-goods. For our new proposals we have selected the first three of these categories. If we had selected more than these three, we should probably have got more revenue than we should absolutely require; and next to the mistake of insufficient taxation, there is no greater blunder than taking more than the Government really requires. But we have also selected tobacco, and you will not find tobacco in the list of articles which yield substantial revenues to our exchequer. There is probably no civilised country in the world where tobacco is so inadequately taxed as it is in India, and it is now time to remedy that omission.

"These then are our proposals. On liquors the present standard rate is Rs. 7 per proof gallon. We propose to raise this to Rs. 9-6, which not only gives us a substantial enhancement, but has the great administrative advantage of being based on the easily calculated rate of one and half annas per gallon of proof. This we believe will be a very great convenience to our customs houses and to the trade. Convenience however is not by any means our chief reason for the new duty. We want a substantial enhancement and we want it for various reasons. I need not repeat that we want it for revenue reasons; we also want it in pursuance of our regular excise policy which, as Sir Edward Baker once put it, makes the duty on imported spirits the high water mark for our taxation of country spirit. It has always been our practice when, in the course of the steady and deliberate enhancement of excise rates, they have risen to the neighbourhood of the tariff rate,—it has been our practice to increase the tariff rate in its turn and to set up the new duty as the goal at which our excise rates ought to end. It is in this way that we are steadily increasing our taxation upon intoxicants of all kinds. There are now in nearly every, if not every, province considerable areas where the excise-duty on spirits exceeds Rs. 7 a gallon, and the Rs. 7 which we take on imported spirits has thus got notice to move. But there is one further reason—and a very powerful reason—for increasing the duties on our imported liquors. It has been pressed upon Government by a recent committee which sat in Bombay to investigate the import of foreign spirits and their effect. That committee was a thoroughly representative body, comprising officials and non-officials, revenue enthusiasts and temperance enthusiasts (though I do not mean to imply that the two forms of enthusiasm are necessarily hostile). That committee has pointed out how serious is the growth of the imports into India of

cheap potato and similar spirits; how skilfully such spirits are doctored and decorated to catch the public taste; and how insidiously they are operating in promoting the tippling habit. The committee recommended that we should take over closer control of this class of spirits by influencing the retail price through the means of higher license fees. This proposal will receive full consideration; but in the meantime it is not too much to hope that we shall get at the same result by increasing the tariff rate. The other increases which the Bill proposes are more or less proportioned to the rise in the standard rate on ordinary spirit. It is proposed to tax liqueurs and perfumed spirits with a variety of their congeners at Rs. 13 a gallon without reference to the proof strength. This will avoid interference with consignments by opening them for the purpose of testing their strength; and it is based on the assumption that the average strength of such spirit is roughly 40 over proof.

"Denatured spirit, commonly called methylated spirit, will remain at the present rate of 5 per cent. *ad valorem*. There is no intention of increasing it. Spirit used in drugs or medical preparations is at present subject to two rates according to the proportion of spirit contained; this division is difficult to work and it dates from a time when the tariff rate was low and freights were heavy so that the 5 per cent. *ad valorem* rate was not disproportionate to the higher rate which the stronger spirit paid. We now propose to tax them all at their spirit strength, provided always of course that the strength is so great as to take the preparation outside the category of drugs pure and simple; but the actual rate which we propose is to be less than the rate on intoxicants; it will be Rs. 7-13 a gallon or the equivalent of 1¼ annas per degree of proof.

"I turn now to beer and wines. The duty on beer is only two annas a gallon or one-third of an anna on a quart bottle. This is considerably below the duty enforced in the United Kingdom and it is a mere bagatelle compared with the duty on imported beer in all the chief colonies. We propose to raise it to 3 annas with a corresponding enhancement of the excise on beer made in this country. This will bring it up to half an anna a quart, which will surely not be regarded as an extravagant contribution to the revenues. The duties on wine will also be raised by 50 per cent. They are extremely low at present and they have not been altered since 1875. There is no necessity to defend what we now propose to take, namely, Rs. 3-12 a gallon on champagne and sparkling wines, and Rs. 1-8 a gallon on still wines.

"Our next chief object for extra taxation is tobacco, and in regard to it I am afraid that our proposals will be considered as somewhat drastic. At present the taxation is absolutely negligible. Leaf tobacco pays nothing at all; other tobaccos pay only 5 per cent. on their invoice value, and I have no doubt that their invoice value is kept at the most modest figure. The result is an enormous growth in the imports of cheap tobacco, particularly of American cigarettes and raw tobacco which comes in from America and through the United Kingdom for the manufacture of the so-called Swadeshi cigarettes to compete with their American rivals. 12,000 lbs. of leaf tobacco were imported in this way last year, and over 3 million pounds of cigarettes. Some of us may be more familiar with the so-called Egyptian cigarettes than with other brands; but I have made a rough calculation which shows that out of every 100 cigarettes imported into India 2 are described as Egyptian and 98 come from other and less aristocratic sources. The flood of cheap cigarettes and cigarette tobacco which are pouring into India is bound to have its effect in time upon the public health of the people and more particularly upon the health of the young. It is having its effect now. These packets of 10 cigarettes which are hawked about our towns and cities and railway stations are sold as low as 1½ pice per packet. You can get a better quality for 2½ pice, and the aristocrats of the market can be had for 3 pice, that is, 3 farthings for a packet which I understand sells for 2½ or 3*d*. in England. This must lead—of course we know it does lead—to detrimental use. We propose to put a duty of Rs. 2 a lb. on all cigarettes. This will be equivalent to about 8 annas a hundred and will increase the price of the ordinary packet of 10 to something between 1½ to 2 annas. For this we think there is every justification. The other tobacco rates are made as far as possible proportionate to the cigarette rate. On our raw tobacco, which is at present free, we propose to put Rs. 1-8 a lb., Rs. 1-10 a lb. on pipe tobacco and

Rs. 2-8 per lb. on cigars. If any Hon'ble Member thinks that these rates are likely to fall somewhat severely on a harmless luxury, I would invite him to compare them with the rates which are now being paid in England. Mr Lloyd George's budget proposed 7*s.* a lb. on cigars, 5*s.* 8*d.* on cigarettes and corresponding rates on the less expensive articles.

"I come now to petroleum, which at present pays one anna a gallon. It is an article of which the consumption is very rapidly increasing in India and from which, it is understood, very large profits are realised Something like 84 million gallons were imported last year, and we believe that the small additional duty could be collected without any trouble.

"There remains only silver, and I approach it with some trepidation, because there is no more burning question among currency experts than the propriety of a heavy tax on silver in our present circumstances. The controversy has broken out in Bombay quite recently, and Government has been very strongly urged by one school of thinkers to take up the question again, in order, as some of our critics would put it, to prevent the competition of silver with Council Bills or, as others would prefer, to raise the rupee from its present bullion value to something more akin to its token value In the widely divergent views which this question elicits there is much that requires careful study, and the Government of India may find some later opportunity for confessing its faith in the matter. The present is not such an opportunity. We do not profess to tax silver for currency purposes, we do not tax it for the purpose of strengthening our gold reserve, we do not tax it because we want to keep it out of the country; we tax it simply because we require money and because 4 annas an ounce, which is the rate we propose, is a moderate contribution to the revenues from an article which is introduced in such enormous quantities and a trade in which there must be very large profits. If our tax has incidentally the effect of raising the value of the small hoards of rupees or the silver ornaments which form the savings of many millions of humble people in India, we shall all be the more gratified.

"There is only one other alteration in our existing schedule to which I have not alluded. The present import duty on opium of 12 rupees a lb. is intended to be a prohibitive one; many of the derivatives of opium are now being brought into the country in large quantities for undesirable purposes. We propose therefore to tax the opium alkaloids at the same rate as opium itself, which will have the effect of bringing morphine and similar opiates into our net, unless of course they are introduced in the form of recognized medicines,—Dover's powder and the like,—when they will simply be, as at present, amenable to the ordinary 5 per cent. duty.

"I now beg leave to introduce this Bill. The ordinary practice would be, following well established precedents, to move Your Excellency to suspend all the standing rules which would interfere with its becoming law at one sitting. There are obvious justifications for this. When a rise in customs duties takes place there is an inevitable tendency for the taxable articles to be rushed out of bond at the old rates. On this occasion we cannot afford the loss of revenue which this might involve, and we accordingly propose that the new rates should take effect from this morning. As however the alteration of the tariff schedule affects a variety of interests, we are averse to hurrying the Bill through Council without such consideration as may be possible between this and the next meeting of the Council. We propose accordingly, with Your Excellency's permission, to refer the Bill to a Select Committee without prejudice to the liability of importers to pay the new rates from this morning onwards."

The motion was put and agreed to.

The Hon'ble MR. MESTON introduced the Bill.

The Hon'ble MR. MESTON moved that the Rules of Business be suspended.

THE PRESIDENT declared the Rules suspended.

The Hon'ble MR. MESTON moved that the Bill be referred to a Select Committee consisting of the Hon'ble Sir Guy Fleetwood Wilson, the Hon'ble Mr. S. P. Sinha, the Hon'ble Mr. Holms, the Hon'ble Mr. Gates, the Hon'ble Mr. Todhunter, the Hon'ble Mr. Gokhale, the Hon'ble Raja of Kurupam, the Hon'ble Moulvi Syed Shams-ul-Huda, the Hon'ble Mr. Graham, the Hon'ble Sir Sassoon David and the mover, with instructions to report on Friday, the 4th March.

The motion was put and agreed to.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO 1909 (24 & 25 VICT., C. 67, 55 & 56 VICT., C. 14, AND 9 EDW. VII, C. 4).

The Council met at Government House on Friday, the 4th March 1910.

PRESENT:

His Excellency THE EARL OF MINTO, P.C., G.C.M.G., G.M.S.I., Viceroy and Governor General of India,

and 59 Members, of whom 53 were Additional Members.

* * * * * *

INDIAN STAMP (AMENDMENT) BILL.

The Hon'ble SIR GUY FLEETWOOD WILSON presented the Report of the Select Committee on the Bill further to amend the Indian Stamp Act, 1899, and moved His Excellency the President to suspend the Rules of Business to admit of the Report of the Select Committee being taken into consideration.

THE PRESIDENT declared the Rules suspended.

The Hon'ble SIR GUY FLEETWOOD WILSON moved that the Report of the Select Committee be taken into consideration.

The Hon'ble MR. N. SUBBA RAO said:—"My Lord, I may venture to say that the various aspects of the Bill have not received sufficient attention. In fact, the public have not had sufficient time to submit their representations. Even the Report of the Select Committee is just now placed on the table. The Committee has made numerous alterations in the Bill. I must say that we are much handicapped in dealing with the Report to-day. I plead, therefore, that the consideration of the Bill may be deferred, if possible, for a few days.

"As the Bill stands, my Lord, it presses unequally on those carrying on same trade in its different branches. Under section 3 of the Bill as introduced, those who are engaged in the sale of Government securities and in exchange contracts would ordinarily have to pay not less than 20 per cent. of what they earn by way of brokerage; whereas those who negotiate in shares would be liable to pay only from half to one per cent. of what they get. The incidence in the two classes of cases was abnormally disproportionate. When we take the duty on the counterpart into consideration, those dealing in Government securities and bills of exchange would have had to pay much more than 20 per cent.—so much as 40 per cent.—on transactions below Rs. 8,000 and between 20 to 40 per cent. on transactions up to Rs. 88,000.

"Under the Bill as amended by the Select Committee, bills of exchange are placed on a separate footing chargeable with a fixed duty of two annas, whereas Government securities and shares are charged with an *ad valorem* duty at one anna for every Rs. 10,000 or part thereof. But the inequality still remains though not in such a glaring manner. Thus on a bill of exchange for Rs. 10,000, the brokerage earned is Rs. 6-4 at one anna per hundred and the duty is 2 annas, *i.e.*, 2 per cent. of what is earned. In the case of Government paper of the value of Rs. 10,000, the brokerage is the same, but the duty is one anna, *i.e.*, one per cent., half of what is levied on a bill of exchange for the same amount. Now with regard to shares which are classed with Government securities, the brokerage varies:—

On shares of the face value of Rs. 10	at Rs.	0	4	0	per share.
Do. of Rs. 100	at Rs.	1	0	0	„
Do. of Rs. 500	at Rs.	2	8	0	„

Now, if 100 shares of Rs. 10 each, *i.e.*, of Rs. 1,000, are sold, the brokerage is Rs. 25, the stamp one anna, and the percentage $\frac{1}{400}$;

if 100 shares of Rs. 100 each, *i.e.*, Rs. 10,000, the brokerage is Rs. 100, the stamp one anna and the percentage $\frac{1}{1,600}$;

if 100 shares of Rs. 500 each, *i.e.*, Rs. 50,000, the brokerage is Rs. 250, stamp 5 annas, and the percentage $\frac{1}{800}$.

"Thus it will be observed that those who deal in shares are placed in a more advantageous position than those dealing in Government paper and bills of exchange. This is irrespective of any duty on the bought note.

"I find that in some of the representations made to this Council from Bombay and Calcutta it is assumed that duty has to be paid on both bought and sold contracts. It appears to me that the intention of the Bill is to impose only one duty on a single transaction, and not two duties, and any doubt on the subject ought to be cleared up. If the bought contract were held to be a counterpart or duplicate of the sold contract under article 25, the maximum duty on the counterpart or duplicate would be one rupee. This is in addition to the maximum of Rs. 10 on the original contract, presumably the sold contract.

"Side by side with these contracts, there are others of a similar kind with respect to jute, gunnies, petroleum, coal, produce, etc., in which brokers earn a commission ordinarily of one per cent., though in some cases their commission goes up to $2\frac{1}{2}$ per cent. Yet in all these transactions there was no stamp-duty provided for in the original Bill. To show how immense is the business carried on, I may mention that jute worth about 15 crores of rupees is sold every year, in which a commission is earned of about 15 lakhs of rupees at 1 per cent. The value of gunnies produced by mills is about 18 crores, and at $\frac{3}{4}$ per cent. the brokerage is about 13 lakhs and a half. Similarly, in petroleum, produce, coal, the transactions are carried on in crores of rupees and the brokerage earned is by lakhs. In all these cases the commission received is generally one per cent., whereas in the case of Government securities and bills of exchange covered by the original Bill, the brokerage is only one anna per hundred, *i.e.*, one-sixteenth of the former. I am glad that an attempt has been made by the Select Committee to include these in the revised Bill. I have ventured to draw the attention of the Hon'ble Finance Member to some aspects of the Bill, and request that the consideration of the Bill be deferred for a few days, to adjust the inequalities of taxation therein. I take this opportunity of thanking the Hon'ble Member in charge of the Bill for the readiness with which he gave attention to the suggestions I placed before him."

The Hon'ble MR. ARMSTRONG said:—"My Lord, I am very glad to hear of the concession which the Finance Minister has decided to make. It will be very welcome, and so far as I can see at a hurried glance will go far to meet the objections that have been made. I am very sorry however that nothing has been done as regards the stamp-duty on bills of exchange. I would like to ask the Finance Minister if he is aware that the new scale is far in excess of the stamp-duty which is now levied in Great Britain. I hold in my hand a paper which was given to me by one of the leading Banks in Bombay in which values are stated from Rs. 75 up to Rs. 25,000, and in some cases the new duty is just three times as much as the stamp-duty now leviable in Great Britain, in many other cases it is very nearly half, and in all cases it is very far in excess. For instance, on a bill of exchange for Rs. 2,600 the stamp-duty in Great Britain would be Rs. 1-8; in India it is now to be Rs. 4-8: on Rs. 3,000 in England it is Rs. 1-8; in India it is to be Rs. 4-8: on Rs. 4,500 and Rs. 5,000 in England it is Rs. 2-4; in India it is to be Rs. 4-8: again on Rs. 15,000 it is Rs. 7-8 at home and Rs. 13-8 in India: and on Rs. 25,000 it is Rs. 12-12 in England and Rs. 22-8 in this country.

"Well, my Lord, in my protest on behalf of European commercial firms and banking houses, by whom these duties are mainly paid, I am also supported by the Madras Chamber of Commerce, who consider the new scale an exorbitant one. I hope some concession may be made and that a revision of the schedule may be considered advisable to bring it more into line with the duties now levied in Great Britain."

The Hon'ble MR. GRAHAM said:—"My Lord, when this Bill was first introduced, there was a very strong opposition on the part of the Calcutta commercial community as well as that of the rest of India against two of its provisions. I am very thankful to the Hon'ble Finance Member for the concessions which have been made, which, as far as I can see, go far to remove

these objections. But on principle I think the commercial community must object to the very enhanced stamp-duties on bills and share transfers, and though perhaps to a certain extent these additional stamp-duties are necessary, yet I think they have been made out of proportion. I would, therefore, without going so far as to oppose the Bill, ask that if possible these may be reconsidered, whenever the next opportunity may occur."

The Hon'ble MR. MESTON said:—"As a member of the Select Committee which dealt with this Bill, I have the permission of the Member in charge of the Bill to offer a somewhat more detailed account than was possible in the Committee's Report of the changes that have been introduced into it since it was first placed before the Council, and incidentally I may perhaps be able to meet some of the objections which we have just listened to The details of the amendments in the Bill are somewhat dull to the ordinary listener, and I will deal very briefly with them, but an appreciable amount of revenue is undoubtedly involved, and there are certain interests whose very life is concerned and to whom accordingly we owe special consideration.

"As was explained when the Bill was first brought before Council, the intention of Government is to obtain a certain amount of extra revenue from, on the one hand, bills of exchange and promissory notes, and on the other hand, the ordinary transactions of the stock exchange, *i.e.*, the issue and transfer of marketable securities. As regards bills of exchange and promissory notes, the additional taxation had not until this morning met with any opposition whatever, so far as we were aware. I have to frankly admit that, as the Hon'ble Mr. Armstrong has said, the duties on bills of exchange are somewhat higher than they are in England. This, however, is in keeping with the whole tenor of the stamp law in this country. The stamp-duties were certainly higher in India than in England, and all that we have done was to try and bring the rates into harmony with the general scale. The Committee, however, have slightly modified the rates which were originally proposed in the Bill so as to leave the smaller classes of transactions, *viz.* transactions of the value of Rs. 600 and under, at the old rates. This is a special concession to petty *hundis* and other small transactions of that sort which cannot afford to pay very much more than they do at present.

"Coming to marketable securities the Committee have made no change in the duty proposed upon the transfer of shares or debentures, that is, upon the ordinary stock exchange transactions in ordinary securities, Government paper being excepted. The Committee have also accepted the proposals of the Bill in regard to the enhanced duty upon share warrants; but when they came to the duty upon the issue of debentures, they decided—and their decision rested on the most reasonable ground—to draw a distinction between debentures payable to bearer and debentures which are transferable by endorsement or by separate deed. Debentures payable to bearer, that is transferable by delivery, are put, as the Bill proposed, on exactly the same footing as loans issued by local authorities. They will both pay in future the same duty, which may be roughly described as one per cent. on the face value of the security. This payment will, in the one case by law, in the other case by mercantile practice, exempt the security from the payment of any transfer duty when it changes hands. But debentures which are not bearer bonds and which accordingly require separate deeds of transfer and the payment of separate stamp-duty on each occasion that they are bought or sold, have a claim for more considerate treatment. The Committee have accordingly decided to leave them at the same rates of duty as they pay at present, that is to say, roughly ½ per cent. on their face value. The present law in England is that debentures transferable by delivery pay one per cent., and that is the rate to which we now wish to raise our taxation in India. Marketable securities which are not transferable by delivery pay in England, as they will now do here, a favoured rate.

"I turn now to the particular transaction which I referred to at some length in introducing the Bill—the transfer of securities between parties who have no intention of becoming permanent holders and who treat the securities as articles of currency or as material of credit or as matter for pure speculation. It is the practice, in the Calcutta market at least, for very heavy transactions of this character to pass without any formal transfer deed at all. What is known as a blank transfer is drawn up. It is signed and generally stamped

by the first *bonâ fide* seller; but after that it may be the vehicle for dozens of transfers without paying any further duty. When, after changing hands over and over again, the security covered by the blank transfer finally finds a resting place in the hands of the permanent investor, the transfer deed is completed; but for all the intermediate transactions the Government revenues have received nothing. It has always been recognised that the arrangement is unfair to the general public, and the question of insisting upon regular transfer deeds has frequently been discussed. On the present occasion, however, there was no intention of attempting any such radical reform. All that Government desired was to secure some revenue from operations which may reasonably be asked to pay a contribution to the Exchequer. It was decided accordingly to be satisfied with a moderate impost upon the contract notes which change hands when a transfer of this description is carried through. The new rates which it was proposed originally to apply to contract notes were made the subject of general representations from the Chambers of Commerce and the chief commercial centres throughout India. We were told that the new duty would fall very heavily on the actual business of the market would hamper the free circulation of securities, and would incidentally affect certain sections of the market interests much more heavily than others. The Committee gave those representations their most careful consideration and have advised the Council to reduce the rate originally proposed and to make a distinction, which the present law does not draw, between transactions in shares and similar securities on the one hand and bills of exchange on the other. What the Committee advise is that on agreements for the sale of Government securities or on shares the duty should be taken at one anna for every 10,000 rupees of value, but that for bills of exchange the duty should be fixed at double the existing rates, that is, at a fixed amount of two annas irrespective of the amount of the bill. It is understood that the latter transactions are based upon a very narrow margin of profit or brokerage, that under the custom of the market it would be impossible for the broker to transfer the duty to his clients, and that the high graduated scale of taxation would probably have the effect of killing out an useful and honourable business.

'One further amendment has been introduced by the Select Committee as a corollary to the increased duty upon contract notes. Some doubt has been expressed by those who are most competent to judge as to whether certain transactions would be regarded in the eyes of the law as agreements under article 5 of the stamp schedule or as memoranda under article 43 of the same. In order to prevent misapprehension as well as the possibility of an evasion of duty the Committee propose to tax memoranda under article 43 in exactly the same manner as those under article 5. The effect of this will be that brokers' notes relating to stock or marketable security will pay one anna for every 10,000 rupees of value. Article 43, however, covers brokers' notes for the purchase or sale of goods, and it is proposed to exempt them from the graduated scale and to make them subject, as in the case of bills of exchange transactions, to a fixed duty of two annas without reference to the value of the goods.

"One more point. Questions have been asked as to whether the new rates of duty are already in force. This I need hardly say is not the case. They do not come into force until this Bill is passed by the Council and receives Your Excellency's assent.

"My friend the Hon'ble Mr. Subba Rao has had the courtesy to give us private notice of certain amendments which he proposes to move. I trust that the explanations which I have now given and the alterations which have now been made in the Bill will probably meet most of his objections. I believe the Council will readily accept the view that the Bill has been materially improved since they last saw it and that the careful attention which the Select Committee have bestowed upon it will make it readily acceptable to the general public."

The motion was put and agreed to.

The Hon'ble SIR GUY FLEETWOOD WILSON moved that the Bill, as amended, be passed.

The motion was put and agreed to.

COURT-FEES (AMENDMENT) BILL.

The Hon'ble SIR GUY FLEETWOOD WILSON presented the Report of the Select Committee on the Bill further to amend the Court-fees Act, 1870, and moved His Excellency the President to suspend the Rules of Business to admit of the Report of the Select Committee being taken into consideration.

THE PRESIDENT declared the Rules suspended.

The motion was put and agreed to.

The Hon'ble BABU BHUPENDRA NATH BASU moved that at the end of clause 2, sub-clause (*i*), of the Bill, the following be inserted, namely :—

> "Provided further that when the amount or value of the property exceeds Rs. 10,000 or Rs. 50,000, duty shall be calculated at the rates mentioned above only on the amount or value in excess of Rs. 10,000 or Rs. 50,000, as the case may be."

He said :—"My Lord, under the Bill, as presented to this Council, the duty is at the old rate of 2 per cent. up to Rs. 10,000, and then at the rate of 2½ per cent. from Rs. 10,000 to Rs. 50,000, and at the rate of 3 per cent. on all sums from Rs. 50,000 upwards. What my amendment proposes is this, and I take a concrete case to illustrate what I mean. Take an estate valued at Rs. 11,000. In this case, under the Bill as proposed, the duty will be at the rate of 2½ per cent. upon the whole Rs. 11,000. What I say is, following the precedent of the income-tax, that it should be 2 per cent. up to Rs. 10,000 and from above Rs. 10,000 it ought to be 2½ per cent., otherwise there will be a great difference in the incidence of taxation between estates valued at Rs. 11,000 and over. Similarly in the case of estates valued at Rs. 50,000 and over, my amendment, Sir, proposes that up to Rs. 50,000 the assessment should be at the rate of 2½ per cent., and above Rs. 50,000 it should be at the rate of 3 per cent., so that the relief sought to be given may be felt by all estates which are in excess of the sums of Rs. 10,000 and Rs. 50,000 respectively."

The Hon'ble MR. MESTON :—"My Lord, I cannot advise the Government to accept the Hon'ble Member's amendment. The analogy which he indicates with the income-tax hardly seems appropriate. The income-tax deals with annual revenue; we are now dealing with capital which passes hands on the decease of the late holder. Furthermore, the analogy, if an analogy is to be sought, lies with the probate-duties which were in force in England prior to Sir William Harcourt's death and estate duties were imposed; and the practice in England was to take the 2½ per cent. and 3 per cent. on the total value of the estates. I see no reason why the Government of India should be content with anything less, and I should be very much surprised if the Government of India agreed to give up the revenues which the Hon'ble Member wishes us to sacrifice."

The Hon'ble SIR GUY FLEETWOOD WILSON :—"I am afraid it is not possible for me to accept that amendment."

The motion was put and negatived.

The Hon'ble BABU BHUPENDRA NATH BASU moved that after clause 2 of the Bill the following be added, namely :—

> "3. Nothing in this Act shall apply to any probate, letters of administration or certificate in respect of which the fee payable under the law for the time being in force has been paid prior to the commencement of this Act, but which have not been issued."

He said :—"This amendment relates to a separate state of circumstances altogether. Under the practice in our Courts, and under the Court-fees Act, the duty on probate or letters of administration has got to be paid at the time that the application is made. When the application is made under the provisions of the Court-fees Act, an affidavit of value has got to be annexed to the application and the probate-duty has to be paid into Court and a certificate has to be filed granted by the executive officer of the Court that probate-duty has been paid. After these preliminaries have been observed and the application has been made, there is oftentimes a great deal of delay, either owing

to contest, or the natural delays that are inherent in our Law Courts in the issue of probate or the grant of letters of administration; and I am quite sure that at the present moment there are many estates in Bengal at least in respect of which the probate-duty has been paid, but where probate has not yet been issued. It would be hard in respect of these estates, that they should be called upon to pay the enhanced probate-duty. I believe, my Lord, that was not the intention of the Legislature, and to make the point clear I beg to move that this provision may be inserted so that estates in respect to which the duty has been paid may not be subject to the enhanced duty."

The Hon'ble MR. DADABHOY said:—"I beg to support this amendment. I think the suggestion made by my Hon'ble friend is a most equitable one. All those estates in respect of which proceedings have already been initiated should not certainly be brought under the operation of the new Act. It might upset family arrangements; it might upset family duties; it might affect payment of debts; and it might also disturb many other interests. It is only equitable that an Act of this kind should only affect interests that are to come into operation hereafter. I have very great pleasure, therefore, in supporting this amendment, and I trust Government will see their way to accept the suggestion which appeals to every one as a most equitable one."

The Hon'ble SIR GUY FLEETWOOD WILSON said:—"My Lord, I find myself at last in a more agreeable position in being able to meet my Hon'ble friend and to accept on behalf of the Government the amendment of the Hon'ble Babu Bhupendra Nath Basu."

The motion was put and agreed to.

The Hon'ble RAJA PRAMADA NATH RAY OF DIGHAPATIA moved that in clause 2, sub-clause (*i*), of the Bill as amended, the words "but does not exceed fifty thousand rupees" and the entries—

"When such amount or value exceeds fifty thousand rupees.	Three per centum on such amount or value."

be omitted.

He said:—"My Lord, as a representative of the landowning interest in the Council, I feel it my bounden duty to point out to your Lordship that the proposed increase in the court-fees for purposes of probate and succession will prove a great hardship upon all classes of people who have to dispose of their properties by wills, particularly the landowning classes.

"An additional duty of one per centum in many cases will prevent people from making wills or testaments of any kind, and the absence or paucity of such documents, I venture to submit to your Lordship, will lead to litigations and divisions of estates into petty shares. This again will ultimately weaken the landholding interest in this country which, in my humble opinion, will be deplorable both from the standpoint of the landholders themselves and also of the Government to which their loyalty and attachment have been assets of some value. And when people find that it does not suit their interests to make out wills, the number of wills will fall off, and consequently lesser number of probates will be taken, with the result that the ultimate object of this measure will be frustrated to a certain extent.

"My Lord, speaking for myself, I would certainly like to see the richer classes taxed in preference to the poorer, but at the same time, my Lord, I submit that it must not be made too hard even for the rich to dispose of their properties, and prevent their children from being ruined by litigation. According to the Bill under discussion, a man, inheriting an estate which yields an income of say 5 lakhs, will have to pay 3 lakhs as probate-duty, *i.e.*, nearly three-fourths of his whole year's income. This amount has to be paid almost immediately after the death of the person whom he succeeds and whose sradh and other rites will also involve very heavy expenditure according to the Hindu custom. In many cases, my Lord, inheritors of estates will have to go to the money-lender and secure the amount for the probate-duty at a heavy rate of interest. As the duty stands at present, it has been found heavy enough, and to make it heavier still would, I submit, be very much prejudicial to the interests of all who have to dispose of their properties by wills, no matter whether they are zamindars or not. At the same time, I am fully alive to

the fact that the Government is in need of funds, and this has to be met somehow. I therefore would not oppose the Bill wholesale, but beg leave to appeal to your Lordship to limit the proposed additional duty to 2½ per centum in all cases. That would meet with the ends of justice as well as the requirements of the Hon'ble the Finance Member."

The Hon'ble MAHARAJADHIRAJA BAHADUR OF BURDWAN said :—"My Lord, representing the zamindars of Bengal in this Council, I would be failing in my duty if I were not to support the amendment that has been proposed by the Hon'ble Raja Pramada Nath Ray of Dighapatia. I fully sympathize with the Finance Member in the difficulties that he is in, but I doubt if the Finance Member is aware that permanently settled estates, while they enjoy certain privileges, have also got certain distinct disadvantages; also that families governed by the Hindu law of Dayabhaga would greatly suffer by this enhanced duty on probate. I, therefore, think that if it could be possible for the Finance Member to accept 2½ per cent. as probate-duty all round it would give great satisfaction to a great number of zamindars."

The Hon'ble SIR GUY FLEETWOOD WILSON said :—"My Lord, I confess to feeling considerable sympathy, from the personal standpoint, with the views which have been advanced with great moderation and great clearness by the Hon'ble the Raja of Dighapatia and the Maharaja of Burdwan, but I am sorry to say that I must approach all these amendments, or most of these amendments, which involve a surrender of revenue, not from the standpoint of my own personal feelings but from the more hard-hearted attitude of a Finance Member, and I find myself unable to surrender the revenue which this change would involve. I am afraid that I can only meet the request with a negative answer."

The Hon'ble BABU BHUPENDRA NATH BASU said :—"My Lord, there is one point in connection with this amendment which I think it my duty to bring to the notice of the Council. As is well known to the Law Member, and I hope also to the Finance Member, in India, except Bengal, the vast majority of the Hindu population is governed by the *Mitakshara*, where the property belongs to the family and not to the individual, and upon the death of any individual member of the family the property remains amongst the surviving members of the family, and there is no need to take out probate or letters of administration or succession certificate. I believe Hon'ble Members are aware that the difference between probate and letters of administration and the succession certificate is this, that the legislature has provided in the case of persons upon whom it is not incumbent to take out probate or letters of administration, that they may only in respect of debts which have got to be gathered, take out a certificate of succession in respect of those debts and pay duty upon those debts alone, leaving aside the bulk of the estate. For instance, if an estate is valued at four lakhs and three lakhs represent the real property belonging to the estate, and if one lakh represents monies to be collected, then duty has to be paid on that one lakh alone, and for that purpose the Succession Certificate Act provides the procedure. In the *Mitakshara*-governed population of India they have not even to take out a succession certificate. There the Courts have held that the property belonging to the family, the surviving members get the benefits of debts to be collected without taking out a succession certificate. So, in the result, the effect of this legislation will be that the Bengalis, Hindus and the Musalmans of India will only have to pay this duty. *Mitakshara* families all escape, the great trading communities of India in other provinces, the rich and prosperous bania communities, they will all escape, and in Bengal itself if a landed proprietor dies without making a will, or without leaving debts to be collected—and my experience is that amongst Bengal zamindars, they oftentimes die with debts to be paid rather than with debts to be collected, they will not have to pay. It is only in cases where Bengal zamindars have to make settlements for the benefit of their families, that the estate will have to pay any duty at all. If they do not leave behind any settlements, and in most cases they do not, no duty is leviable. The heir succeeds in Bengal to the father and gets his name enrolled in the register of the Collector without producing a probate or letters of administration, but upon merely satisfying the Collector that he is the heir. That being so, I apprehend that the duties leviable from this source will be very small compared to the inconvenience and compared to the unfairness of the incidence of

taxation. I am far from denying that probably no better method of taxation could be devised than of levying a reasonable amount of duty upon the estate when it passes to successors of the man to whom it belonged. That is a proposition in economics which has been universally accepted, but if the effect of this legislation was that it would be general, that it could not be evaded and that the rich and prosperous communities of India were to pay it, I should be the first person to support it; but what I find is this, that oftentimes the debt-ridden zamindars of Bengal will have to pay it and the middle class men who already pay income-tax and other taxes, they will have to pay in Bengal, and only a very small number in other provinces where it would apply in the case of self-acquired property by a separate member of the joint Hindu family. The Finance Member has not given any data to show what is the revenue that he expects on this head, and in the absence of any data I think it would be hard to expect that we should vote blindly for a measure which would be productive of great hardship, and may be productive of very little good indeed."

The Hon'ble MR. MAZHARUL HAQUE: "My Lord, I had no intention whatever of taking part in this debate but for a reference to the Musalmans of India in the speech of my Hon'ble friend Babu Bhupendra Nath Basu.

"My Lord, when this Bill was first introduced in this Council by the Hon'ble the Finance Member, I myself had certain doubts about it, and I was inclined to believe at that time that perhaps these death duties would affect the Muhammadans of India much more than they would the Hindu community. However, since then, I have had time to think over the matter, and I have also had the advantage of consulting some of my Muhammadan friends, and I have changed my mind. I do not think that these duties will affect us in the same way as they would affect my Hindu brethren of Bengal; so my Hon'ble friend the Finance Minister may have an easy mind so far as the Muhammadans of India are concerned. They are not going to oppose these death duties.

"My Lord, what I find now is that when the aristocracy of wealth has been touched in its pocket, it is up in arms. Of course nobody wants to be taxed, my Lord, but I think it is only right and proper that the shoulders which are able to bear the burden should be taxed. My Lord, I congratulate the Hon'ble the Finance Minister for having brought before your Lordship's Council such a popular budget. I say it is a popular budget, and, my Lord, I shall support this Bill."

The Hon'ble MR. SYED SHAMSUL HUDA said:—"I have a few observations to make and I think I must say that I support with great pleasure the amendment of my friend the Hon'ble Raja of Dighapatia.

"My Lord, the Muhammadan community whom I have the honour to represent will not suffer in this matter to the same extent as my Hindu friends, because in the first place, so far as probate is concerned, the power of a Muhammadan to make a testamentary disposition is extremely limited and hedged round by conditions which make testamentary dispositions almost impossible. And I support the amendment because, as a matter of fact, practically this enhanced duty would fall on one class, and therefore on principle I am opposed to it. As regards probates, it is well known that a Muhammadan will need not be admitted to probate at all.

"Then, my Lord, as regards letters of administration, people in the country are not bound to take out letters of administration, but I think it is very desirable that there should be encouragement rather than difficulties placed in the way of letters of administration being taken out. It may be said that, equitable or inequitable, the tax exists, but it seems to me that although it exists it need not be heavy. Not knowing to what extent the Hon'ble the Finance Member expects to benefit by this increased taxation, and having regard to the fact that the tax will fall heavily on one community and more in one province than in the other provinces, I feel bound to support the amendment that has been just moved."

The Hon'ble SIR GUY FLEETWOOD WILSON:—"My Lord, I merely wish to say that it appears to me that the speeches of the two Hon'ble Members are possibly valuable as dealing with first principles in law, but we are not proposing to amend the whole death duties and succession duties, and I am afraid I cannot withdraw from the position I took up. I cannot accept the amendment."

The Council divided :—

Ayes—14.

The Hon'ble Pandit Madan Mohan Malaviya.
The Hon'ble Maharajadhiraja of Burdwan.
The Hon'ble Babu Bhupendra Nath Basu.
The Hon'ble M. R. Ry. Nyapathy Subba Rao.
The Hon'ble Raja Vairicherla Vairabhadra of Kurupam.
The Hon'ble Mr. G. K. Gokhale.
The Hon'ble Mr. M. B. Dadabhoy.
The Hon'ble Mr. G. M. Chitnavis.
The Hon'ble Maulvi Abdul Karim Ghuznavi.
The Hon'ble Raja Pramada Nath Ray of Dighapatia.
The Hon'ble Maulvi Syed Shamsul Huda.
The Hon'ble Mr. Mahomed Ali Jinnah.
The Hon'ble Mir Allah Bakhsh Khan.
The Hon'ble Sir Vithaldas D. Thackersey.

Noes—44.

His Honour the Lieutenant-Governor.
His Excellency the Commander-in-Chief.
The Hon'ble Mr. J. O. Miller.
The Hon'ble Sir Guy Fleetwood Wilson.
The Hon'ble Mr. S. P. Sinha.
The Hon'ble Sir Harvey Adamson.
The Hon'ble Major-General R. I. Scallon.
The Hon'ble Mr. R. W. Carlyle.
The Hon'ble Mr. L. M. Jacob.
The Hon'ble Mr. B. Robertson.
The Hon'ble Mr. J. S. Meston.
The Hon'ble Mr. J. B. Brunyate.
The Hon'ble Sir H. A. Stuart.
The Hon'ble Mr. S. H. Butler.
The Hon'ble Malik Umar Hyat Khan.
The Hon'ble Zulfikar Ali Khan.
The Hon'ble Mr. M. W. Fenton.
The Hon'ble Mr. F. A. Slacke.
The Hon'ble Mr. M. Mazharul Haque.
The Hon'ble Mr. J. M. Holms.
The Hon'ble Mr. C. H. Kesteven.
The Hon'ble Mr. C. G. Todhunter.
The Hon'ble Surgeon-General C. P. Lukis.
The Hon'ble Mr. H. W. Orange.
The Hon'ble Mr. J. M. Macpherson.
The Hon'ble Mr. J. Andrew.
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.
The Hon'ble Mr. H. O. Quin.
The Hon'ble Mr. F. Rawson.
The Hon'ble Kanwar Sir Ranbir Singh.
The Hon'ble Mr. W. C. Madge.
The Hon'ble Mr. C. W. N. Graham.
The Hon'ble Mr. C. H. Armstrong.
The Hon'ble Sir Sassoon David.
The Hon'ble Mr. F. A. Th. Phillips.
The Hon'ble Mr. F. C. Gates.
The Hon'ble Maung Bah Too.
The Hon'ble Mr. P. C. Lyon.
The Hon'ble Mr. C. Stewart-Wilson.
The Hon'ble Mr. F. E. Dempster.
The Hon'ble Lieutenant-General Sir Douglas Haig.
The Hon'ble Sir T. R. Wynne.
The Hon'ble Mr. G. H. B. Kenrick.
The Hon'ble Colonel F. B. Long

So the motion was negatived.

The Hon'ble SIR GUY FLEETWOOD WILSON moved that the Bill, as amended, be passed.

The motion was put and agreed to.

INDIAN TARIFF (AMENDMENT) BILL.

The Hon'ble SIR GUY FLEETWOOD WILSON presented the Report of the Select Committee on the Bill further to amend the Indian Tariff Act, 1894, and moved His Excellency the President to suspend the Rules of Business to admit of the Report of the Select Committee being taken into consideration.

THE PRESIDENT declared the Rules suspended.

The Hon'ble SIR GUY FLEETWOOD WILSON moved that the Report be taken into consideration.

The Hon'ble MR. GOKHALE said:—" My Lord, before the Council proceeds to a consideration of the several amendments of which notice has been given, I would like to make a few observations on the general financial situation which in the opinion of the Hon'ble the Finance Minister has necessitated the imposition of fresh taxation. Hitherto fresh taxation has been associated in our minds with war or famine or a sudden increase in military charges or a falling exchange. This is the first time, so far as I am aware, when it is proposed to levy additional taxation in a normal year, free from any specially disturbing factors. The Finance Minister has told us that opium and East Bengal are responsible for the new burdens sought to be imposed upon the country. He expects the opium revenue for next year to fall short of the amount realised during the current year by £872,000 or about a crore and thirty lakhs, and he is called upon in addition to find an extra quarter of a million or thirty-eight lakhs to relieve the embarrassment of the Government of East Bengal and Assam. In the Finance Minister's opinion therefore the principal share of the responsibility for the present difficulty falls on opium. Now, my Lord, I think it is necessary to protest against this view. Even assuming that the estimate of opium revenue for next year is not an under estimate, we still find that the net receipts budgetted for under opium are $3\frac{1}{2}$ millions sterling which was precisely the amount of the net opium revenue realised in 1907-08, when there was no deficit and when the policy of gradually extinguishing the opium revenue in ten years was laid down. In announcing that policy, His Honour Sir Edward Baker, who was then Finance Minister, expressed himself as follows :—

'Twenty years ago or even less the prospect of losing a revenue of five and a half crores a year would have been a cause of very grave anxiety. Even now, if the whole or a great part of the revenue should be struck off at a blow, the dislocation of our finances would be serious and might necessitate recourse to increase of taxation. But if, as we have a clear right to expect, the transition is effected with a due regard to our convenience and spread over a suitable term of years, the consequences may be faced if not with equanimity at least without apprehension.'

" And again :—

'The point which I wish to emphasise at present is that there is no need for despondency and that if all goes well there is nothing worse to fear than the absorption for a few years of the means of affording further relief to the taxpayer and of incurring useful expenditure for the development of the country.'

" Sir Edward Baker was thus prepared three years ago to face the loss of a tenth part of the opium revenue of 1907-08 every year without having recourse to extra taxation if the circumstances of the country continued normal. And the Government should have been prepared today to part with three-tenths of three-and-a-half millions, that is, about a million sterling. Instead however of the net opium revenue being only $2\frac{1}{2}$ millions sterling, the Hon'ble Member has actually budgetted for $3\frac{1}{2}$ millions for next year, and yet he throws on opium the main responsibility for his additional taxation! No, my Lord, if fresh taxation has really become necessary, which I for one venture to doubt, we must look for an explanation deeper. It is true that Eastern Bengal is now to have 38 lakhs a year more from the Imperial Government, which means that the Partition of Bengal is now going to affect the whole country materially as it has already done politically. But as our normal growth of revenue is about a crore and twenty lakhs, as once estimated by Sir Edward Baker, it is clear that the increased allotment to Eastern Bengal and Assam need not by itself have led to extra taxation. To understand what has really brought about a deterioration in the financial position of the country, we must go back to the year 1907-08 and compare the figures of revenue and expenditure for that year with those in the budget proposals

for next year. Taking both receipts and charges net, as given in statement E—and that is the best thing to do for purposes of a real comparison—I find that the total net receipts under major revenue heads for next year are estimated at 3 millions sterling more than for 1907-08—the opium receipts being the same for both years, namely, 3½ millions, but land revenue being two millions more for next year and there being a total increase of another million under other heads. I also find that as against this increase of 3 millions there is a deterioration under railways of over a million, an increase of no less than 1·91 millions under net charges of civil departments, nearly half a million under military services, and over half a million under interest, telegraph, mint and other heads. To my mind therefore it is clear that the main responsibility for our present difficulties rests on the shoulders of the civil departments and the Railway Board. My Lord, I cannot help saying that an increase of nearly 2 millions sterling in the net charges of the civil departments in three years is a phenomenal increase and needs explanation. I will not say that I am much surprised, for during the last few years there was hardly ever a day when we did not hear of higher scales of pay being sanctioned for the superior officers of some civil department or other. The operations of the Railway Board too, which called forth a sharp remonstrance from His Honour the Lieutenant-Governor of Bengal last year, have had the inevitable effect of throwing on the resources of the Government a steadily increasing burden of working expenses. In addition to these two causes I am of opinion that the prevalence of high prices in the country is bound to affect the Exchequer adversely in two ways. First the Government, as the largest purchaser in the country, has to pay more for its purchases, and secondly the pressure of high prices on the resources of the people tends to diminish the revenue contributed by them to the Government under several heads. I think, my Lord, that all these questions need a careful investigation. I had hoped from the observations made by the Finance Minister in his Financial Statement last year that he would not turn to fresh taxation until at least a policy of severe retrenchment had been carried out in all departments. It appears however from the present Financial Statement that the Hon'ble Member has almost given up the unequal struggle. The forces that make for economy in this country are extremely weak while those that make for continuous increases in expenditure in different departments are enormously strong, and one of the greatest needs of the country is to devise measures which will effectively safeguard the interests of economy.

"My Lord, the proposed enhancements of duty under the Tariff Bill are expected to bring in an extra million sterling or a crore-and-a-half of rupees, half of which will be contributed by tobacco and liquors and the other half by silver and petroleum. Now I strongly hold that there is really no need for this extra taxation. In the first place, if the circumstances of the country continue normal, the estimates for the next year framed by the Hon'ble Member will be found to be too cautious. Under salt, for instance, I am confident that the increase will be considerably more than what has been budgetted for. Again those who are well acquainted with the conditions of the opium trade are clearly of opinion—my Hon'ble friend Sir Sassoon David is a recognised authority in regard to that trade and he strongly holds the view that in view of the special circumstances of the Chinese market the rate of Rs. 1,750 per chest of opium which has been taken for next year is much too low and that Rs. 2,000 a chest will be a safe estimate. Lastly, I wish to draw the attention of the Council to the fact that a sum of over three-fourths of a million sterling has been provided in the budget for the redemption of railway debt out of revenue. My Lord, I consider that this is an amazing thing to do, absolutely unjust to the taxpayers, when the Finance Minister comes forward with proposals for extra taxation on the ground that the money that will otherwise be raised will be insufficient for current purposes. Railway debt is productive debt. Even now, in spite of the fact that the Railway Board has pushed up working expenses in all directions, the railways are more than paying the interest on their capital, and there is absolutely no need—I think it is wholly unjustifiable—to devote a part of revenue to the reduction of productive debt. The three-fourths of a million, which represents the capital portion of railway annuities, should clearly come out of loan funds raised for the purpose

and not out of current revenue which is needed for so many pressing current purposes. Even assuming that the Budget estimates are not framed too cautiously and that the whole of the money proposed to be raised by the contemplated enhancements of duty under the Tariff Bill is really required, the transfer of the amount provided for the redemption of railway capital from revenue to capital will enable the Government to dispense with the enhanced duties on silver and petroleum. My Lord, I have no objection to the proposed enhancement of tobacco and liquor duties if there must be extra taxation. In my opinion, however, spirits used in medicinal preparations should be exempted from duty. But I object most strongly to the proposed enhancements on silver and petroleum. The duty on petroleum will necessarily hit the poorest classes in the country. Burma oil may get some advantage under it, but I am afraid the price of even that oil will be raised, if not to the full extent of the new duty, at any rate by a large proportion of it. And as regards silver I hope even the Finance Minister now sees that a great mistake has been committed in proposing the enhancement. It is bound to add seriously to the great difficulties through which the mill industry is at this time passing. My Lord, the country had a right to expect that the Government would not show such disregard of the interests of its greatest industry after agriculture. The action of the Government while injuring Indian exporters of yarn will benefit Chinese producers and thereby bring sensibly nearer the day when India will lose her yarn market in China altogether. It has been claimed for the proposal of Government that it will appreciate the silver trinkets of the mass of poor people throughout the country. The poor people will probably have no opportunity of testing that till a famine comes when they might have to part with their trinkets. Meanwhile, in ordinary times they will find themselves adversely affected by the duty every day, as they will have now to pay a higher price for all fresh investments of their small savings in silver. My Lord, I strongly urge even at this last moment that the proposed enhancements of duty on petroleum and silver should be given up. If the Government insists on having the half-million which they are expected to bring in, there are other ways far less objectionable of raising the amount. For instance, an enhanced import-duty on sugar will be greatly preferable to the enhanced duty on petroleum, and a small export-duty on jute, of which we have a monopoly in the world, with a countervailing excise in India, if necessary, will bring in more revenue than the proposed duty on silver and will have much to recommend it. My Lord, I advocate an export-duty on jute on two grounds. In the first place, it is partly for meeting the increased cost of administration in Eastern Bengal that the new taxation is proposed. It is therefore only fair that Bengal, who already pays less than other provinces owing to her permanent settlement, should find the money by a tax on one of her great staples. Secondly, it is not just that while the cotton industry of Bombay is already taxed, a further burden should again be laid on it, and the jute industry of Bengal should go altogether free. An export-duty on raw hides and skins which are being exported in enormous quantities may also bring in a considerable revenue, and the same may be said of seeds. Or if the Government prefer it, they may raise (and later lower) according to their needs the whole of the customs-duties taken together treating them in India as they treat the income-tax in England. I think, my Lord, that that would be preferable to selecting a few commodities like silver and petroleum for heavy enhancement."

The Hon'ble MR. MESTON said :—" My Lord, the speech of the Hon'ble Mr. Gokhale opens up a line of argument which was somewhat unexpected. It has not been usual in this Council to question the accuracy of the Government of India's financial estimates; and although that form of criticism is wholly within the competency of the Council, it is only natural that those who had some part in the preparation of the estimates should take the earliest opportunity of defending them. I have listened to Mr. Gokhale's description of our general financial position with respect, but entirely without conviction; and I would bespeak the patience of the Council while I deal with the suggestion that these Bills which we are being asked to consider today are a superfluous exercise of our legislative powers.

" The gravamen of my Hon'ble friend's criticism is that we do not really want the extra taxation which this Bill provides ; in fact, if I understand him rightly, we do not need any extra taxation at all. If we had showed more dash in

estimating our revenues, if we used less of our revenue in relieving debt, if we treated our expenditure with a larger pruning knife, we could probably scrape through the coming year without additional taxes in any form. There is a familiar sound about this; and there is a familiar sound in much of the kindred criticism which we have heard outside upon the Budget proposals since they were published a week ago. We are told that last year's Budget was over-sanguine and that this year's Budget was over-cautious; opium pulled us through last year; and something or other is sure to pull us through this year. This sort of criticism is so frequent and so easy, and generally so irresponsible and generally so wise after the event, that I am afraid we have got into the habit of discounting a good deal of it. But there are several of our critics whose advice we all agree in putting on a very different footing; and among those I need hardly say is our Hon'ble friend Mr. Gokhale. I therefore gladly accept the Hon'ble gentleman's challenge, and I shall endeavour to show the Council that the extra taxation which the Government proposes is fully justified by the needs of the year and by the ordinary canons of financial prudence.

"During the coming year, the Hon'ble Finance Member has shown that our estimate of Imperial expenditure, according to the most careful calculations in our power, will be 50¼ millions sterling. To meet this we estimate that our ordinary revenues would yield us only 49⅓ millions. We should thus have to fill up a deficit of close on a million; but we must also in common prudence provide a working balance for the year. The Government of a great country cannot surely be expected to start upon a new year, with all its possibilities for surprise and emergencies, without the margin of safety which is afforded by a revenue surplus. In past years we have attempted to work to a surplus of one crore or thereabouts, and it is a grievous blow to the traditions of the Finance Department to have to budget for such a small and precarious surplus as we are taking for next year. The Council must take it as evidence of the Finance Member's aversion to increase the taxation by one superfluous rupee. They must not take it in any other sense. We thus have, my Lord, to provide roughly 170 lakhs of extra taxation in order to prevent a deficit and to give us a reasonable working balance.

"It is hinted however that a deficit need not have befallen us if we had cut our scale of expenditure shorter. The Hon'ble gentleman has not pursued this suggestion into any detail, and I shall follow his example. We have in the Budget obviously to deal with the administration of the country as a going concern, and to find funds for it as it stands. Whether the administration is extravagant or otherwise, this is not the time for us to consider. The question is one which is never for a single day out of the thoughts of the Government. It is one which requires time and patience and breadth of outlook. But it is decidedly not a question which we can take up as an incident to the financial provisions of the year. I cannot imagine an edict for the retrenchment of expenditure to the extent of 170 lakhs without a dislocation of business, a waste of power and sacrifice of efficiency which, I am sure, this Council would be the first to resent. We must therefore lay aside for some more convenient opportunity the discussion of any proposals for reducing the cost of Government.

"But, says the Hon'ble gentleman, we have under-estimated our revenue in several directions, notably in the case of opium. I have the highest respect for the Hon'ble gentleman's financial acumen and for his many other gifts. But when he ascends the mountain of prophecy, he passes into regions in which I am not altogether disposed to follow him. I will come back to opium again; it requires special treatment. In regard to the other heads of revenue, I do not admit that the Hon'ble Member is right in advising us to raise our figures. We believe it quite possible that our railway returns will be higher than we have taken; but the demands for improvements and renewals are heavy and insistent, and we have taken a net figure which we believe is unlikely to be materially exceeded. In regard to salt, the large increase in consumption, which was stimulated by the recent reduction in duty, appears to be slackening off. In regard to excise, the rapid strides with which the revenue rose are getting shorter. What are the other heads of revenue under which the Hon'ble Member thinks that our estimates are unduly nervous? I confess that after two months' close study of the figures, I cannot

call them to mind. It is not however, as I quite understand, with minor unimportant corrections that the Hon'ble gentleman is concerned. He paints his pictures in broader colours than that. He describes us as losing an opportunity for increasing our opium estimates by no smaller a sum than 90 lakhs. I rather marvel at his moderation. Why should he not take another Rs. 250 a chest for our opium sales, raise our revenue by 180 lakhs, and thus cover the whole deficit which we attempt to rectify? Why should he not take Rs. 3,000 a chest, and let us get rid of the salt-duty?

"My Lord, the figure that we took for opium was not the result of a timorous or haphazard calculation. We have had many extraordinary fluctuations in the long history of our opium revenue; but never has the position been more difficult or the future more uncertain than it is today. Just look at the factors with which we have to reckon. We have the daring speculation of a large and cosmopolitan market. We have the obscure, I may almost say the mysterious, movements of the great central Government of China. We have the varying and not always disinterested policy of its provincial magnates. Last of all we have the strange vagaries of human appetite and vice. It is quite easy to say that the Chinese will pay us 2,000 rupees a chest or even a higher figure for our dwindling supply of opium. But looking at all the factors which I have mentioned, is it reasonable to ask us to adopt a figure which is far in excess of anything that we have received for half a century until the last three months? It is quite probable that the market will continue high; but it is very far from certain: and is it right that we should stake the equilibrium of our budget and to that extent the credit of India on a single throw of the dice? I submit to the Council that our duty was to take a figure of studious moderation, and that is what we have done.

"But there is another aspect to the matter. These high prices are only being paid in the belief that India will in time cease its supplies to the China market altogether. If that belief turns out to be justified, it is easy to see how sharp will be the fall from the revenue which we now receive from opium to that which will accrue to us when the China market is closed. It is surely not imprudent on the part of Government to discount that fall, just as any business firm would discount a disappearing trade, and to re-adjust our basis of revenue accordingly. If the receipts from opium in the near future should rise far beyond our expectations as the result of an artificial market, let us treat the excess as a windfall. That is virtually what we have done this year. It is what I hope the Government would be prepared to consider should similar conditions recur. I have no desire and no authority to commit the Government in this matter in any way; but if the market should happen to yield the extra 90 lakhs which the Hon'ble Mr. Gokhale hopes for, I trust that the money will not be spent in recurring expenditure which will only increase our difficulties hereafter, but will be in some way reserved for special purposes which we have been unable to provide for in the budget now before the Council.

"Another criticism which has been directed at our estimate is one with which I need only deal very briefly. We are told that, in view of the general prosperity and the high credit of the country, we put away far too much of our revenue for capital expenditure. The Council is aware of what we do in that way. We give up our surplus, and we give part of our famine grant in accordance with an arrangement which has met with the approval of this Council for many years. We also pay off part of the purchase-money of certain State railways by terminable annuities which are wholly charged to the current revenues of each year. It has been explained more than once why this arrangement exists. It represents in reality the operations of a sinking-fund—of a genuine and compulsory sinking-fund which an impecunious chancellor of the exchequer can never raid or suspend. As such, it is an element of strength in our position, a buttress to our national credit, which I am sure my Hon'ble friend would not wish us to remove or weaken. My Hon'ble friend shakes his head. All I can do then is to leave the subject as a standing difference between him and the Government of India. As a Parthian shot, perhaps I may remind him that these annuities are established by Acts of the British Parliament, and that it is entirely outside our power to alter them. When Mr. Gokhale is member for India in that august assembly, perhaps he will induce them to do tardy justice to his contention.

"I have not attempted to enter at any length into our financial position. After the exposition given by the Hon'ble Financial Member last Friday, very little remains to be said; and I should not have intervened in this stage of the debate had it not been that the whole justification for our taxation proposals was impugned. It was not without prolonged and anxious thought that these proposals were developed, and the Government are satisfied not only that the taxes are needed but that they will cause less hardship to the general body of tax-payers than any other combination of new taxes which has been suggested in its place. Whether the growth of our revenue will make us independent of these taxes, time will show, and I would ask for no hasty judgments. India lately has been in the same condition as you will often see on the Hooghly. The tide has just gone out. The small crafts on the river are swinging erratically and bumping at their moorings. At one moment a swirl of water seems to indicate that the tide is coming in; at the next moment there is a back-rush which shows that the ebb is not yet over. That is the state of India. It has been in a period of slack water. The tide of prosperity ebbed and left us in 1908: we are looking for return flow which may come any day, may even have begun now. Meanwhile with those who are responsible for India's finances, caution is the only safe rule of navigation. We may have been over-cautious. If we have, and the surplus is larger than we estimate, there is much to do with it. The large schemes of social reform, of educational advance, of industrial development, which are now on the anvil will demand money, and it is Government that will have to find that money. How could your new taxation be better employed if and when it ceases to be necessary for the needs of the immediate present? The Budget is a careful one, and I believe it is a good one. It has certainly not lowered the credit of India in the great markets of the world; for our securities are firm, and the first sale of Council Bills since the Budget was published resulted in the disposal of 1 crore, of which no less than 92 lakhs were Telegraphic Transfers at a high premium. A straw shows how the wind blows, and this movement at this particular time of the year is some indication of the confidence felt by the London market in the control of our Indian finances."

The motion was put and agreed to.

The Hon'ble SIR SASSOON DAVID moved that sub-clause (ii) of clause 3 of the Bill, as amended by the Select Committee, and item No. 6 in Schedule III appended to the said Bill, be omitted. He said:—"My Lord, my objections to the enhanced duty on silver fall under two heads. In the first place, I very strongly object to the policy of levying duties on silver as if it were a question merely of revenue. The Government are no doubt aware that a heavy duty on silver has been strongly advocated in certain quarters as a part of a currency scheme. I do not express an opinion as to the efficacy or otherwise of the scheme at present. All that I wish to point out is that the proposal to levy a special duty on silver conveys to many minds the idea that Government are probably embarking on a new departure in currency matters. Whether this be so or not, the effect of such an impression cannot but be far-reaching, and I respectfully submit that if Government are inclined towards a policy of this kind the public are entitled to have a declaration of it in explicit terms instead of leaving it to be inferred from the proposal before us.

"In the second place, I object to the proposed enhancement of duty as inflicting a serious injury on India's trade with silver-using countries, notably our yarn trade with China. And I wish to state here that I associate myself entirely with the protest that has been addressed to Your Lordship's Government by the Bombay Mill-owners Association. My Lord, it is well known that the cotton mill industry is passing through a difficult crisis. At any time a proposal to force down the value of silver would be detrimental to the trade with China; at present, it is positively ruinous. The proposed duty has already had the effect of forcing down silver and lowering the rate of exchange with China. The selling price of the Indian yarn in China shall have to be raised with the result that eventually the China market will be almost entirely closed to us. My Lord, I beg Government and I beg the Council to bestow their serious attention on this aspect of the proposal. My Lord, there is a good deal of sympathy expressed for the industrial development of the country. I most

earnestly appeal to Your Lordship's Government not to handicap still further a growing industry which has conferred immense benefits on the country by levying the proposed enhanced duty.

"My Lord, the currency policy of Government has placed India in an extremely disadvantageous position in respect of our trade with the silver-using countries. But, at least, it could be said for it that, though injurious to the interests of one particular trade, it benefited many others? Can this be said of the proposed enhanced duty on silver? The cotton mills are injured, but neither any other industry nor the trade of India can derive the smallest advantage from it. If additional revenue has to be raised,—a point on which I venture to differ from the Hon'ble Finance Member,—there are several ways of doing it, without inflicting hardship on the most important of modern industries in India alone.

"Have we got to raise this revenue expected from the enhanced silver duty? My Lord, for my own part I say most emphatically, No. I say from my experience of many years in the opium business that, in the present circumstances of the market in China, having regard to the intention of the Government for the eventual abolition of the export of this drug to China within a few years, the estimated price at Rs. 1,750 per chest for next year is too low and that Government is certain to get at least Rs. 2,000 per chest. At the latter rate, the deficit in the Budget will be considerably reduced. In proof of my statement I invite the Finance Member to put up the whole or half lot for the year to auction today and I am sure it will be taken up at a price of not less than Rs. 2,000. My Lord, the deficit which the proposed duties are intended to meet is founded on an under-estimate. I say with the utmost confidence that the opium revenue next year will be such as to provide for the larger part of the requirements of the Budget. If further provision is necessary, the enhanced duties on spirits and tobacco will be more than enough to assure a surplus. Under these circumstances, and for the reasons given above, I appeal to Your Excellency's Government and this Council to drop the proposal to levy the greatly increased duty on silver. Before concluding I wish to point out that the exemption of silver imported by Government from the general tariff duty results in loss to the general revenue, the whole of the profits of coinage being credited to the Gold Reserve. I venture to suggest that the duty on Government silver should be credited to the customs revenue in the same way as private imports."

The Hon'ble MR. ARMSTRONG said:—"My Lord, I agree with a great deal of what has been said by Sir Sassoon David. He has explained at some length the position from the Bombay yarn manufacturing point of view, and I quite agree with him that Bombay has a grievance, in that by their action for revenue only Government have upset the silver market and silver exchanges and have made the trade of silver-using countries more difficult. Not only have they done this for Bombay but they have also upset the British trade with China and all countries using silver as a basis, and it is I think a great mistake, when action is taken for revenue only, that the trade should be upset in so many directions. The Hon'ble Financial Member has told us that this increased duty is only for revenue, and I accept his assurance with pleasure because there is a limit to all such taxation, and on silver this limit must surely now have been reached. If so—and if the assurance is worth anything—then the future at any rate is fairly safe. At the same time is not 16 per cent a very heavy duty on a precious metal and a medium of exchange? And after all where is the necessity for this additional taxation and for the very heavy increase now proposed on many other articles some of which will fall with very undue severity on the European population in India. What is our position at the present time? By limiting our exports to China for reasons into which I need not enter, we are steadily losing our revenue from opium, and as by acts of generosity in the past we have reduced our revenue from salt, by at any rate one-half, we are now feeling—and I am not at all surprised at it—the pinch of these two very important items.

"What the future of opium is to be no one can tell, but if we are to suffer a further serious loss in the future, is it not best to recognise it at once and go back to the salt-tax? I know this will not be accepted, but I say if we know we are going to lose this very large amount, is it not better to fall back on the salt-tax? I am quite aware of the answer that might be given to this contention, but will not the

same arguments apply more or less to petroleum on which an additional tax is levied? I quite agree with the Hon'ble Mr. Gokhale that consumers of Burma oil are not likely to reap any particular benefit from this small measure of protection. I feel very certain that the additional profit that will be earned by the Burma Oil Company will go into the pockets of the shareholders. I am told on reliable authority that the large reduction of salt-duty has scarcely reached the consumer and that it never will reach him. If this is so, a small advance at the present time will perhaps not be felt. Even for a fractional advance the labour class of this country are far better off than they were ten or fifteen years ago. Their wages have risen very considerably all over the country and are likely to keep up and food is coming down in price, and a small addition to salt will bring in a substantial sum and will not be felt. Would this not be better than taxing the savings of the people and giving a fictitious value to their purchases of silver. Hereafter would it not be better than many of the increases now proposed, which in many cases fall with undue severity on one class of people in India? The Europeans in India are quite willing to bear a fair share of taxation and help the Government. I remember very well about twenty years ago when Government were in difficulties over their financial statement owing to a rapid and continuous fall in exchange, the Europeans in India saw the necessity and they agreed as a temporary measure on an income-tax. I think it was very generous on their part, at the same time I may remind Council that this tax has ever since remained and become a permanent source of revenue. A scale of taxation might be suitable in England, but is not necessarily suitable in India, because the conditions of this country are so different.

"Now from the point of view of our currency, the additional tax, I think, is also objectionable if the price of silver is depressed. The Finance Minister in future will be able to accumulate more quickly the limited sum of twenty-four million sterling which is now apparently considered a sufficient guarantee. We are told that this is all we need and aim for at present, but I doubt very much if twice this sum will be considered too much by very many people: in fact it rather seems to me that our gambling in rain has been so successful that we are now going to gamble in silver.

"The position seems to be this. We are widening the difference between the gold value of the rupee and its actual value. We are taxing the savings of the people 16 per cent. and damaging the trade of the silver-using countries. Apparently we do not intend to accumulate a larger gold standard reserve than we had in use very long ago. The Financial Minister has told us that this additional duty is for revenue only, and it cannot therefore have been intended to check imports of silver. If however it is hoped that it may do this, I do not think it will. If there is a splendid harvest this year, I imagine that silver like all other imports will come freely into the country. Again I must say that I look upon the increased duty on silver as an unwise step and the duties imposed on other articles are so excessive as to drive consumers to cheaper and inferior articles and in many instances to kill trade altogether. A more moderate basis all round would be better.

"Then, my Lord, I come particularly to the amendment which has been moved by Sir Sassoon David as regards sub-clause (ii) of clause 3 of the Bill, that it be omittted, and I must say that I hope this will be received sympathetically. The very stiff advance in the duty on silver came as a very great surprise. It was never expected that for revenue only Government would further enhance the duty on precious metal and a medium of exchange. And on many other articles besides silver the new duty will press heavily. I feel that in many cases a great injustice will be done if this policy is adhered to, especially the duty on the goods in bond. The trade that has been done is a legitimate business arranged for in good faith, and although I am well aware that in many cases the additional duty will be obtained from the consumer, a great change in this connection must disorganise business in many lines by driving consumers on to cheaper and inferior articles; thereby leaving importers with excessive quantities of high class goods on hand. There are cases also where trade may be killed altogether, and this would be a great loss. Let us take, for instance, cheap imported cigarettes or cigarettes made in this country from imported tobacco. These should be treated leniently. This will presumably be the last lot on which duty will be paid. Country tobacco, imported spirits and other

things are in somewhat similar position. And as the Finance Minister does not want a windfall for this year's revenue, they may perhaps be leniently treated. I feel sure that Government do not wish to do injustice to any one by insisting upon their pound of flesh in a year which shows a surplus. The coming year can take very good care of itself: trade is improving in so many directions. If the new rates had been moderate, nothing would probably have been said; but they are so heavy as to be regarded in some quarters with very great apprehension and their full force without a moment's warning must of itself constitute a hardship on many items."

The Hon'ble SIR VITHALDAS D. THACKERSEY said:—"Your Lordship will permit me to explain to the Council how the duty on silver stands altogether on a different footing from other duties. It is much more than a duty levied upon a commodity. In the first place, silver is not only a commodity but it is the basis of currency in the Far East. Anything that affects the value of silver, therefore, affects the exchange between India and China. The duty thus affects the commercial relations between the two countries, and is, therefore, a more important matter than a tax on tobacco or alcohol. I cannot think that this aspect of the duty was sufficiently considered by Government when they resolved on this proposal. Why, my Lord, it is tantamount to giving a bounty to the manufacturers of China at the expense of the Indian manufacturers. I really think that if the object of Government were to give such assistance to the Chinese manufacturers they could not have hit upon a better plan. This question of the trade relations of the two countries, my Lord, is a complex one, and those only who are intimately connected with the trade can fully understand it in all its bearings. I will, therefore, with Your Lordship's permission endeavour to explain briefly to the Council how the proposed duty is likely to affect our yarn trade with China. The new duty amounts to nearly 17 per cent. as against the 5 per cent. *ad valorem* levied under the old Act. It is evident, my Lord, that such a heavy duty must reduce the quantity of silver consumed in India. It is unnecessary for me to insist upon this point, because Government themselves admit that only 6 crores worth of silver will be imported next year against 11 crores in the current year. This enormous decrease in the Indian consumption must lower the price of silver in London. Now, my Lord, we all know that the currency of China is founded on a silver basis. The Indian exporters to China receive the price of their goods in silver which has to be converted afterwards into gold standard rupees. We export between 5 to 6 lakhs of bales of yarn every year to China, and the value of this yarn is about 10 crores of rupees. The duty now imposed will greatly reduce the number of rupees which the Indian spinner will get for his yarn owing to the depreciation of silver. The Chinese manufacturers on the other hand will benefit to that extent as their manufacturing charges will not be appreciably affected. And in this unequal competition our export trade to that country will be adversely affected.

"My Lord, this would have been a great calamity at any time. At present, when owing to the high price of cotton which is 50 per cent. higher than normal and the loss of general confidence in the industry owing to the big failures of last year, the Bombay cotton mills are passing through a very gloomy period, and when prospects are very dull, the effect of this additional duty is bound to be absolutely ruinous. It may prove to be the last straw on the camel's back.

"The Indian industry has to contend with unequal competition. Take, for instance, Japanese cotton mills. They are nursed by their Government as a mother nurses a favourite child. Japan has given a protected home market to her cotton mills, thus enabling them to dump down their surplus products in China markets at less than cost price without any loss to their shareholders. Japanese manufacturers are also helped by loans of cheap money in times of depression and also by a special ridiculously low rate of freight for cotton from India to Japan through subsidised steamship companies. So far as China is concerned our currency policy of 1893 has proved a blessing to her and the proposed silver duty will still further strengthen her position against the Indian exporter. I hope, my Lord, I have made myself sufficiently clear that the effect of the four-annas duty will be highly injurious to an important Indian industry, and I

earnestly hope that Government will see their way to drop the proposal as a means of raising revenue"

The Hon'ble RAO BAHADUR R. N. MUDHOLKAR said:—"The Council has before it expressions of opinion from the representative of the Bombay Chamber of Commerce, from the representative of Indian commerce selected by Government, and from a gentleman who is largely interested in the Bombay mill industry, and who at one time occupied the position of President of the Mill Owners' Association. My Lord, I wish to lay before Council the experience of one who on a smaller scale is interested in a mufassal mill and who even now here is pursued by cares about that mill I also wish to place before the Council how an agricultural Province like Berar, interested largely in cotton, will be affected by this present legislation. My Lord, it is because I fear that my Province and all the other districts which grow cotton will be seriously affected, it is because I believe that the mill-industry which we consider to be our mainstay in the industrial struggle we have to carry on will be seriously affected, and it is because I believe that our export trade which we are carrying on with silver-using countries would be seriouly injured, that I wish to associate myself with what has been said by the Hon'ble Sir Sassoon David and the Hon'ble Sir Vithaldas Thackersey with regard to this proposal of an enhanced duty on silver.

"My Lord, Berar is a Province in which nearly 45 per cent. of the land is actually under cotton cultivation under a system of rotation. We grow there between $\frac{1}{4}$th and $\frac{1}{3}$rd of the cotton produced in the country. A considerable portion of the cotton grown there is purchased by Japanese merchants on the spot. The balance is sent to Bombay or Calcutta and a large part of it is exported to Japan or China. Only a small portion of what is grown in Berar is consumed by local mills or by the mills in the country: most of it goes out to Europe or Japan or China. Well, what is true of Berar is also true of Khandesh, of Gujerat, of the Southern Mahratta countries, of the Bombay Presidency, of Hoshangabad, of Wardha, Nagpur and other districts of the Central Provinces—in fact of all tracts which grow cotton. Now, my Lord, the effect of this enhanced duty will be this, that our trade with silver-using countries will be seriously handicapped. On the silver we receive from them in exchange for our goods there would be an enhancement of 300 per cent. in the duty which has to be paid on silver. For what we export to those countries we are paid in silver and we shall have to give more of our goods for receiving the same quantity of silver than we do now. It is not a small interest which is affected. The total export trade in cotton amounted to about 21 crores of rupees during the last ten months, and out of that over $9\frac{1}{4}$ crores went to China and Japan.

"We have all heard so much of the phenomenally high prices of this year obtained for cotton. The raiyat might well say that the short spell of good prices he had is now to be followed by the imposition of a permanent burden on his industry.

"Then there are our struggling mills which are sorely hit by the curious combination of extraordinary high prices of the raw material with exceedingly low prices for the manufactured article. A glutted market, an absence of demand all over the world, tightness of money, all credit shaken by some recent failures, have all contributed to render the lot of those engaged in this industry very unenviable. My Lord, there are several here who can say so from personal experience. The cotton-spinning and weaving industry is the one manufacturing industry which holds promises of industrial and commercial greatness to this country. With the tremendous advance made by the Western countries in applied science, with the knowledge and the skill which the directors and organizers of industries and the operatives concerned therein possess, with the practically unlimited supply of capital they have at their command, the task of the Indian manufacturer is an uphill one. My Lord, the importance of the industry well justifies the demand for special facilities. But leaving aside facilities, we might well ask the Government not to do anything which would have the effect of increasing its difficulties. The excise-duty already subjects us to a great disadvantage. The factory laws impede our free growth not a little. Let not our burdens be increased and our progress retarded. I would ask your Lordship and the Government here and in England to see how serious would be the loss which this industry will suffer. It is with difficulty that it is building up an export-trade in cotton piece goods. During the last 10 months the value of this trade

came to Rs. 1,67,18,836. The goods were all exported to Asiatic and African countries, which being silver-using countries would pay us in silver. Then there is the trade in cotton yarn and twist. This amounted to 8 crores during the last 10 months. Of this China took goods worth 7 crores and 4 lakhs. That country is our chief customer in this matter. Our other considerable customers are Asiatic Turkey, Persia, Aden and the territories thereabout, the Straits Settlements and Egypt. These are all silver-using countries and we have to receive payment in silver.

"Then take the trade in jute gunny bags, the total value of which came to 7⅓ crores of rupees during the last 10 months. Fully one-third of this was exported to silver-using countries in Asia and Africa.

"Taking the figures for 1908 the total export trade with China comes to about 15 crores of rupees, with the Straits Settlements nearly seven crores, with Egypt little less than 2 crores, Ceylon over six crores and a quarter, Japan a little less than 9 crores, and over four crores and a half with other Asiatic and African countries. It will be all this trade which will be affected and in regard to which the people of India would be placed in a position of disadvantage. My Lord, the Government is the custodian of the interests of the country in all external relations. Should the Government adopt a measure not calculated to promote these interests?

"It is said that the duty on silver will serve to raise the value of the silver 'hoards' in the country, of the silver ornaments possessed by the masses and the silver articles of use possessed by the middle and well-to-do classes. As to the hidden hoards supposed to be buried under ground, or stored in secret recesses, their existence on any large scale has yet to be demonstrated. But apart from this it would only be when these silver ornaments and silver articles are brought out for sale that any benefit would accrue to the possessors. For the time being it is the same to them whether the price of silver in the market is at 66-10 or 75. The increase in the potential value does them little practical good. But to the cultivator, the trader, the mill owner and those interested in the export trade, the appreciation of silver means a serious loss.

"There is another consideration which ought to weigh with Government By imposing a tax on silver the Government is taxing the precious metal out of which the current coin in the country is made. Are we sure that the appreciation in the value of silver will not affect the profit made by coinage? Are we sure that the objects aimed at by the currency policy of the Government will not be partially defeated?

"My Lord, it is not quite satisfactorily established that the deficit will be as great as it is feared it would be. The present price of opium does not certainly spell a deficit. There is a margin of Rs. 600 kept between the present price of the stuff and that on which the calculations in the Financial Statement are based. We cannot, it is true, ignore the fact that the prices realised this year are unprecedented. In the quinquennium ending with March 1908, the highest average price realised was Rs. 1,587 and the lowest Rs. 1,350. But there is nothing to show that the circumstances which have brought about the present price of Rs. 2,397 have ceased to exist and that there will be a drop of 600 next year.

"But even if the price drops down to 1,750 and there is a big deficit which has to be faced, it cannot certainly be beyond the resources of the Hon'ble Finance Member's financial statesmanship to provide a substitute for the silver duty which is less objectionable and less harmful.

"It is much to be desired that your Lordship's Government were unhampered in the matter of this opium trade and had a free hand. But this is not the occasion to raise the question of the propriety of the restrictions which have been put over the Indian Government. Irrespective of this article there are other sources from which the additional money that is wanted by the Government can be raised without doing any harm to the interests of this country and of its Government. My Lord, since there is an amendment in my name in which I suggest a substitute for silver, and as it is by no means impossible that the Hon'ble Member in charge of the Bill may reconsider the matter when he sees how strong the feeling is against this tax, it would not be out of place to consider whether a substitute for it cannot be found. My Lord, I congratulate the Government, and the Hon'ble the Finance Member in particular, on the unconventional and

bold manner in which they have raised the duties on certain articles of luxury consumed mostly by well-to-do persons. Might not the same unconventionality and boldness be applied in another direction also? There is probably no tax to which Indians and Europeans, having any sort of permanent interest in this country, have less objection than the customs-duties on imported cotton goods. Those duties have been advocated on the ground of revenue. I do hope that the Hon'ble the Financial Member will see his way to propose that in place of raising the duties on silver the duty on imported cloth should be raised.

"But apart from any increase in the duty on imported cloth, there is another duty which I suggest should be imposed in the place of the proposed one on silver. There is sugar for example. This article, which is merely used by the middle and well-to-do classes, can well be taxed higher without causing dislocation of trade or of the agricultural industry, or any other interest in this country. The imports of sugar into India have been steadily increasing. From 6 crores and 3 lakhs in 1903-04 they went up year after year till last year their value amounted to ten crores and ninety lakhs of rupees. In the current year the value of the quantity imported during the 10 months ending with 31st January was nine crores eighty-six lakhs. The sugar which comes from outside sells in mufassal stations at the rate of Rs. 9 per maund of 40 seers; sugar vouched as made in India by modern processes sold some time ago at Rs. 12 a maund; while Benares sugar—that is, sugar made by the indigenous process—sells at the rate of Rs. 16 If the duty on imported sugar is raised from Rs. 5 to Rs. 7-8 per cent., it would mean an increase of Rs. 1-13 per maund. After paying this additional duty, imported sugar will still be cheaper than India-made sugar. There is thus absolutely no reason why this increase in the tax on sugar should not be substituted for the proposed addition to the tax on silver. There is no Indian interest which will be affected injuriously. The most jealous lover of free trade ought to feel no compunction. I am not one of those who are terrified by the word 'protection'. But as we want revenue, the tax should be fixed on a scale which will not prohibit the entry of the imported article.

"My Lord, I do hope that the Government will see their way to withdraw the proposal about raising the tax on silver. It will inflict injury on the agriculturists, it will dislocate our cotton-industry, it will hamper our export trade. More than one tax can be found which will serve the purposes of Government as well. May we hope that Government will reconsider their proposal?"

The Hon'ble MR. DADABHOY said:—"My Lord, the imposition of enhanced duty on silver is a subject of such momentous and far-reaching consequences that I cannot help saying a few words today. I cordially second this amendment. I had myself thought of moving an amendment to this effect. I believe it represents faithfully the views of the community, and were it only for this fact I, as a representative of the people, should have supported it. But there are weighty considerations besides to compel my support. Silver is a metal which, however discredited, still largely influences the commercial operations of the world, and unless mines come to be closed for sheer loss, a remote contingency by-the-bye, the output is not likely to be seriously reduced in the near future. We cannot with impunity disturb the value of the metal, the least of all can the Government of India do that. India has intimate commercial connection with silver-using countries, and whatever view may be taken of its currency policy the success of that policy largely depends upon the rehabilitation of the rupee which is facilitated by an appreciation in the value of silver. The present currency policy of this Government came to be adopted in consequence of the phenomenal depreciation in the value of the metal. Every effort has been made in the past to check this depreciation, and with the passage of the Sherman Acts, the urgency for the adoption of a bold policy became apparent. The Indian mints came to be closed to the free coinage of silver, with the object of producing an artificial contraction in the volume of the currency, thereby giving tone to the rupee. That policy has so far succeeded in the attainment of its object. But we have not yet passed through the experimental stage, and he will be a bold prophet who will claim for the rupee a permanent appreciation in value through the currency measures of Government. The Gold Standard Reserve proves the necessity of caution and preparation against future fall in Sterling Exchange. There are periods when the Council Bills do not pass through the market as easily as could be desired, and the Secretary of State

has to withdraw bills from it in order to give tone to it. But, my Lord, what strain will it cause upon the resources of Government if there is a heavy fall in the value of silver? The greater the disparity in values between gold and silver the greater is the risk of an unwholesome disturbance in the Sterling Exchange, and the acuter is the difficulty of this Government. Interest and prudence should make the Government careful not to take any step which has the effect of depreciating the value of silver. For the success of its currency policy the price of silver should be maintained at as high a figure as possible. Admitted this, it necessarily follows that any measure calculated to cause a slump in silver will jeopardise its currency policy, and will be productive of fearful consequences. That the measure proposed of placing a heavy import duty on silver will force down its price, no one, I trust, will deny. The announcement has already caused considerable depression in the market. The only hope now depends upon the unabated activity of the private demand. Upon this point, however, we are left to conjecture. The view that the demand will remain unaffected by the duty is, in my humble opinion, too optimistic. If the price in India is temporarily increased on account of the heavy duty, the only reasonable supposition is that the demand will shrink. If the demand is weak, the price of silver in the world's market must fall until it reaches a point when it will be possible for importers to maintain in India the present level of prices even after payment of the duty. But that is a contingency which cannot be viewed with equanimity by Government. The harmful effects of a further fall in silver can be neutralised by Government by creating a further contraction in the volume of the currency, and thus producing a greater scarcity of the rupee, by maintaining the Gold Standard Reserve at a higher figure, and, further, by more frequent withdrawal of Council Bills from the market. Each of these measures, which may have to be adopted simultaneously, will have serious consequences of its own.

"I know, my Lord, there is a respectable body of opinion in favour of a heavy duty on silver as a subsidiary currency measure, but, through the natural operation of economic laws, such a duty would cause a fall in the price of silver. I do not understand how a further depreciation in the value of silver can help Sterling Exchange. There are prophets who predict that the proposed duty will gradually lead to the introduction of a gold currency into the country. The Hon'ble Finance Minister's exposition of the financial difficulties of Government and the circumstances under which and the purposes for which the duty on silver is sought to be increased, should disillusionise them. A Finance Minister troubled with increasing shortage of revenue cannot be expected to undertake such a costly change in the currency of the country. I believe the Hon'ble Sir Guy Fleetwood Wilson has no such ambitious idea, and his proposal to get more money from silver imports is clearly inspired by financial necessities only. And I point out its probable effects upon the Sterling Exchange only to prove its unsuitability as a fiscal measure. It remains to be seen how long the present firmness in Exchange continues. If it does not continue, it will not be for this duty on silver.

"My Lord, the existing currency policy of the Government is attacked by a large number of critics on the ground that it imposes an indirect tax upon the people of nearly 40 per cent. I will not attempt to fix with precision the extent of the increased burden, but it must be admitted that the scarcer the rupee the greater is the liability of the citizen having to make fixed payments. Anything therefore which may force Government to produce a greater contraction in the volume of the currency must be viewed with alarm by the people. The other two measures which the exigencies of the situation may force upon Government must be more or less matters of serious concern to Government and the people alike.

"Then there is the question of general prices of commodities which, according to expert opinion, are not completely free from the influence of the currency policy of the Government. The present high level which has necessitated an official inquiry into the causes is, in the opinion of people who ought to know, partially due to that policy and the consequential depreciation of silver. A further fall in the value of silver may be responsible for a further rise in prices. That will be a position full of difficulty and distress.

"The influence of the duty again on the infant cotton industry of the country, which is admittedly passing through a period of great depression, will be incalculably deleterious. The Indian manufacturers do large business in yarn and piece-goods with China. The Indian export trade with China was in a prosperous condition when the mints were open to the free coinage of silver. China is a silver-using country, and the Chinese coin can, after the closure of the mints, only bring to the Indian seller its intrinsic or metallic value. With a prostrated silver market his profits became attenuated. The closure necessarily affected him seriously. If now there is a further depreciation in the value of silver, the Indian trade with China must suffer. It is a question if Indian yarn and manufactures will be exported to that country as freely as at present. Unless there is a corresponding rise in the China prices, the decrease in the value of silver will measure the loss in profits of the Indian manufacturer. Experience shews prices do not respond so readily to the circumstances. The result will therefore be a further serious reduction in the profits of the mill-owner. This is an alarming prospect, especially in the present depressed condition of the industry. The Indian mill-owner in his distress had fully expected to receive some sort of encouragement from Government. The duty on silver is a sad surprise to him. It will affect him most. I do not undertake to predict how many mill-owners would be able to withstand this fresh taxation.

"A further depreciation in silver, the natural economic result of the proposed duty, will also prove detrimental to public interests by encouraging false coinage. Any great disparity in values between silver and the rupee offers temptations to the dishonest utterer of counterfeit coins too strong to resist. The number of spurious coins in circulation is already large, and many poor people are sufferers. The difficulties of the masses from this source will become far acuter with the imposition of the duty. The people may well ask Government to take special precautionary measures for ensuring the circulation of true coins, and the expulsion of counterfeit coins. Any fiscal measure which encourages, albeit indirectly, the circulation of false coins must *ipso facto* be injurious to the interests of the honest citizen.

"Viewed in any light, this duty on silver will result in much suffering and difficulty. Government should in the best interests of the country abandon it. The enormous imports of silver of recent years which have attracted the notice of the Finance Member should be welcome to Government. They have steadied the market somehow, and have to some extent contributed to the success of the currency measures. As I have already said, it will be sad if the silver imports are pared down. But the Hon'ble Finance Minister seems to think that the volume of the imports will remain unaffected by the duty. The weak feeling in the market produced by his announcement of Friday last should shake his optimism. Silver is quoted $23\frac{1}{2}d.$ per ounce in London, less than the lowest figure since 1898, and still the market continues quiet.

"I do not admit that silver is a luxury and is the fittest subject of taxation. My Lord, there is a much more promising subject—the cotton imports. The duty upon cotton goods was in 1894 fixed at 5 per cent., and if it was reduced to $3\frac{1}{2}$ per cent. in 1896, it was because the state of the finances allowed of the rebate. Now that there are financial difficulties again, the duty can surely be raised to its former figure without giving legitimate occasion for controversy about free trade and protection. This increase will be welcomed by the country, and will yield a revenue of about 60 lakhs of rupees. I cannot understand why such a tax, popular and productive alike, should be abandoned in favour of an impost which is open to serious objection for various reasons.

"To give retrospective effect to the duty will be a serious injury to importers, and against precedent. Imports on their way to India should in equity be exempted, even if Government does not see its way to accept the amendment."

The Hon'ble MR. GOKHALE said:—"My Lord, I wish to say just a word in support of this amendment. My Hon'ble friend, Sir Sassoon David, who has moved this amendment, has been invited by Government to serve on this Council as an expert in commercial matters, but I see that the Hon'ble Mr. Meston is already inclined to regard him as an adviser of the market place. My Lord, I do not oppose this taxation simply because it is additional taxation. As a matter of fact I should be prepared to support additional taxation for objects connected with the moral and material welfare of the people, but this is taxation

merely for administrative purposes. However, I am not going to pursue that further because Mr. Meston has told us that the Finance Department knows better. In regard to that I will only say this, that I am content to wait. This is my ninth year in this Council—and sometimes I have waited for a whole year for my justification—and if things go well probably the actual figures next year will decide matters between the Hon'ble Member and myself. As regards the amendment I only want to say one word about the injury which this proposal is bound to do to the mill industry in this country. I want to mention one or two points which have not been mentioned by previous speakers. My Lord, we are already gradually losing our yarn trade with China. The position is this: Today we export about half a million bales; China produces about half a million bales of her own and Japan sends nearly half the quantity of what we send there. Ten years ago Japan did not send a single bale. Another circumstance that I would like to mention is this that since 1899 when exchange was screwed up to 1*s.* 4*d.* not a single spinning mill has been put up in Bombay. Not only this, but in 1901-02 about 20 to 25 spinning mills went into liquidation and several other spinning mills turned themselves into weaving mills; while even during the last cycle of extraordinary prosperity not a single spinning mill was added. That is the position, and just now, when the industry is in a state of great distress, the Government are adding to its difficulties by imposing this burden. I do not think the Government would do this in England I do not wish to say anything more."

The Hon'ble Mr. BRUNYATE said:—"My Lord, the Government cannot of course deprecate the criticism to which the Bill has been subjected on behalf of the very importants mill-owning interests which are concentrated in Bombay. The Council is constituted with the express object of securing that such interests shall be adequately represented and their claims properly pressed. But when the matter which the Council has to deal with is a proposal for new taxation, undoubtedly by far its most important aspect is the way in which it affects the mass of the population from whom the contribution is to be taken. Now, as a preface to what I shall have to say on this general aspect of the tax, I should like to state in the first place, speaking with the full authority of the Hon'ble Finance Member, that the only object of the Government in proposing this tax is to raise revenue. They have not undertaken this legislation with the idea of enhancing the value of the silver ornaments and hoards of the population; it is not any part of their intention to assist the sale of Council bills by discouraging the imports of silver; they are not acting under any felt necessity of taking further steps to discourage counterfeiting. In short, there is absolutely no connection whatever between this tax and their currency policy. It would not be sound finance to introduce a tax simply with the object of tampering with values, or artificially appreciating a commodity in general use, or to base a fiscal policy on the theory that a tax is a beneficent enriching agency when under the best of circumstances it must involve a privation. A tax on silver means that a person who would like to possess silver will be able to get less than he wants, and that is, in its way, a privation, whether he uses the silver for his dinner table, or to decorate his wife, or makes a hole in the ground and leaves it there.

"Admitting all this, I would ask the Council to consider whether our need for a large sum of money which must be raised from many humble contributors could be met at the cost of less privation to them than this tax will involve. I do not think so. It would have been easy to find a necessary of life from which the revenue could have been obtained readily enough; but it would be difficult indeed to find an article in general use to which the term luxury can be so appropriately applied, and very difficult as it seems to me to find a tax which as regards any individual is less obligatory, though when we look at the mass of individuals we know that they will not in fact unanimously avoid it, and that it will produce a substantial revenue. The man who invests his savings, using the term investment in the ordinary sense, will not pay the tax at all The man who hoards in coined rupees will also escape it altogether. The man who insists on buying ornaments or hoarding in bullion will pay the tax at the time, but when he chooses to convert his inert possessions to an active use he will get the bulk of the tax back again or rather pass it on to the next buyer. This idea of taxing the buried talent has in fact some very attractive aspects. I will leave them, however, to others who are better qualified to speak upon them, merely

remarking that the broad general effect of the tax is not only the most important matter for our consideration but one which, as I take the liberty of suggesting, should specially appeal to the elected members of this Council who, though chosen by particular interests, collectively represent the vast mass of the population who are unable to select their own champions.

"I now turn to the case presented on behalf of the Bombay mill industry. I take it that the fundamental result of our tax, to which all other results are subsidiary and consequential, is that some reduction may be expected in the Indian demand for silver, and consequently some reduction in the world demand for silver. This means a fall in the world price of silver. Such a fall has in fact actually occurred. Now China being a country with a silver standard, the silver which she uses as currency feels the effect of this fall just as much as silver used for any other purpose. Consequently her exchange with India, and not only India but India's gold standard competitors for the China trade, may be expected to fall. Such a fall has occurred. I may illustrate at once by actual figures what has happened and what is expected to happen. Just before the announcement made last Friday, the London price of an ounce of silver stood at 24*d.* exactly. The moment the intention to impose a tax was known, it fell to $23\frac{3}{8}d.$ On the 28th it fell from $\frac{3}{8}$ to $\frac{5}{16}$. On the 1st March there was another fall to $\frac{3}{16}$, and on the 3rd there was a recovery to $23\frac{7}{16}$. The whole fall from the 24th to the 3rd is just over a half penny or 2 per cent. of the value of silver at the outset. Similarly with the Shanghai exchange with India. On the 25th of February, *i.e.*, before the announcement made in this Council on that date was known, a 100 Shanghai taels exchanged for Rs. 178. The next day the exchange fell to Rs. $173\frac{1}{4}$. There was then an improvement to Rs. 174, but the rate fell back on the 3rd March to about Rs. 173. Here the fall is 3 per cent. The contention put forward on behalf of the mill industry is, first, that this fall of 2 or 3 per cent. in the value of silver and in the Eastern exchanges represents a bounty of the same amount conferred on the local production in China by the mere fact that this tax is being imposed; second, that the bounty is permanent in its nature, and whatever may be the future fluctuations in the value of silver, the price of the metal will always be higher by that amount than it otherwise would have been; and third, that this bounty is sufficient to do irreparable damage to our yarn trade in China.

"I will first take the suggestion that the increased duty in India will act as a bounty or protective duty in favour of Chinese yarn. The argument is that until last Friday the Indian manufacturer who sold yarn to the value of 100 taels in China was able to convert those taels into Rs. 178. Today for the same quantity of yarn sold, he can only get Rs. 173. Thus, whatever the conditions of equilibrium previously established, it is claimed that the balance has now been disturbed to that proportionate extent.

"I shall have some criticisms of this theory to suggest in dealing, in a moment, with the alleged permanence of the so-called bounty. But before passing on to that question I should like to draw attention to the figure we have thus arrived at. In putting the case as I have done, I do not mean to imply that the Hon'ble Sir Sassoon David and his supporters are satisfied that the fall in the value of silver due to this tax will not ultimately prove greater than 3 per cent. I believe Sir Sassoon David anticipates that in certain circumstances it will. But I do not think he has shown any clear grounds for the supposition that the fall which has already occurred does not fully discount the probable reduction in the world demand for silver. We all know that with large and sensitive markets the trade instantaneously adjusts itself to new conditions and protects itself against them. The tendency is rather to seek over-protection than to underrate the importance of a new disturbing factor. In the last few days we have had our one and only opportunity for distinguishing the influence of the new factor introduced by the menace of this tax. A year hence or even a month hence a score of new circumstances affecting the value of silver may come into operation. But today effect and cause are clearly related, and we are justified in regarding the change of price as representing expert practical opinion as to the full effect of the tax.

"Now, Sir, assuming the main argument to be valid, can we seriously be asked to believe that this handicap of 2 or 3 per cent. is going to ruin the Indian

yarn industry? We have all heard of protective duties being justified as a means of stimulating infant industries. Have any of us heard of a protective duty imposed with this object being limited to such an extraordinarily low figure as 3 per cent.? We know very well that in actual practice much higher rates are always required. We treat that as an axiom, and for that reason we are accustomed to claim that our general 5 per cent. tariff in India cannot fairly be regarded as in any real sense protective, and exactly the same line has been repeatedly taken by those who have resisted the imposition of excise duties in this very case of cotton. And can it be imagined that capital will flow out to China on the strength of this small reduction in the value of silver, that mills will be constructed, that machinery will be ordered and the existing organization completed on the scale required to drive out the Indian manufacturer? I think, Sir, the proposition has only to be stated clearly for its unsoundness to be obvious. All this may come; it is possible of course that it may come quickly, for China already holds a large portion of the trade; but that the fall of silver by $\frac{1}{2}d.$ in the last week will materially affect the question is not, I submit, a reasonable expectation. And that, Sir, as far as I can gather is the opinion of the Bombay shareholders themselves. There has been a good deal of noise about this tax, and consequently no doubt some real trepidation; but as far as my information goes the decline in the value of shares has been limited to a few mills and confined, with hardly an exception, to about 1 or 2 per cent. of market value.

"I come now to the second of the three points which I mentioned above, namely, the claim that this bounty will be permanent in its effect. This is a claim which we can in no way admit, and which was not admitted by the Currency Committees of 1893 and 1898. The whole theory of the protection given by a fall in exchange is, we believe, thoroughly unsound the moment its application is extended beyond the purely temporary period of disturbance and the theory becomes a pronouncement as to permanent results. To revert to my previous example of a 100 taels' worth of Chinese yarn competing with 100 taels of Indian yarn. The proposition implied is that though 100 taels will in future represent a smaller value owing to the depreciation of silver, they will still be as effective as before in paying wages in China, in purchasing raw material and in buying the machinery required for new mills from gold standard countries, or in meeting the dividends of foreign capitalists. This is obviously fallacious as regards payments, such as those for machinery, which are made in gold. It is also ultimately incorrect as regards wages and prices in China, for you cannot indefinitely obtain a given quantity of labour or material while the real value of what you give in exchange is a constantly decreasing amount. There must in the end be an adjustment of wages and prices; and in China in particular such adjustments are in some ways particularly rapid. The silver currency of the country is not a currency in any effective sense, but an article of barter pure and simple. There is no constant and stable relation between subsidiary currency and the conventional silver unit; it is a matter of daily fluctuating exchange. The true currency of the country in which all the minor purchases take place and most of the wages are paid is the copper cash. Here again there is a constantly fluctuating rate of exchange between the copper cash and the silver unit; and as the copper unit is infinitesimally small, so that it may take 10,000 cash to make up a pound sterling, and the coolie in China is a good deal more familiar with exchange problems than most educated men in other countries, there is no possibility of a gain or loss on exchange being overlooked by either of the parties affected. This is a commonplace of standard writers on Chinese trade and economics, and evidence to the same effect was given before the Indian Currency Commission of 1898. It was shown that the lower purchasing power of silver in terms of copper, *i.e.*, in terms of labour, had actually proved a considerable set-off to the fall in its purchasing price in terms of gold which was caused by the closing of the mints.

"My Lord, I have emphasized the fact that the best opinion, namely, that of those who control the movements of world prices, is that the discrimination against the Bombay industry which is created by this tax cannot be put above 2 or 3 per cent. I have pointed out that the conditions in any silver standard country, and in China of all others, must set up adjustments which will diminish this marginal

disadvantage to a negligible quantity. I have argued on general grounds that this small and temporary injury—if injury it is—cannot reasonably be expected to have any marked effect on the welfare of the industry. I might have hesitated to oppose these views (though I believe them to be soundly based and they are supported by the recent course of prices in the Bombay share market) to the opinions of practical experts like Sir Sassoon David and Sir Vithaldas Thackersey, but we have on these matters an absolutely conclusive appeal to experience. During the currency discussions of 1893, and again when the Currency Committee sat in 1899, there were the same gloomy forebodings—justified however by an immeasurably greater disturbance of conditions. Many here will remember the arguments used on behalf of the tea-planting industry. At that time India and China had been competing together for years on the same footing as regards currency. It was argued that the disturbance of the exchange, the appreciation of the rupee and the depreciation of silver, might not only result in India's ascendancy in regard to tea being wrested from her, but in the entire and irretrievable ruin of the tea industry. I am quoting the words actually used by the Darjeeling Planters' Association in 1892. The question of tea is of course outside our province today, and I will only mention the result. In the year before the closing of the mints India exported 115 million pounds of tea to foreign countries and by 1909 had a little more than doubled that amount. Almost exactly the same arguments were used in regard to the cotton industry, and here I must enter into more detail. What the mill-owners feared, and had excellent reason for fearing, was an enormous depreciation in silver. This actually took place. In 1892-93, the year before the mints were closed, the average value of silver per ounce was nearly 40*d*. The next year it fell to 33⅜*d*.; the year after to about 29; and it stayed at or below 30*d*. for some years. Surely here were the conditions in which a disastrous stimulus to production in China might have been expected. The so-called bounty in this case was not 2 per cent. but 25 per cent. It was not a temporary decline which might be counterbalanced by other causes in the course of a single month. It continued for years, and as we all know silver has not since returned to a price anything like 40*d*. an ounce. In addition, just before the closing of the mints occurred there had been considerable overtrading, and the mills had actually been working short time for some months before to enable the Chinese markets to dispose of their accumulated stocks. There was, as a matter of fact, a fall in exports in 1893-94 partly due to the dislocation arising from the changes in our currency system and partly to the existing glut of the Chinese market. The exports picked up, however, in 1894-95, and it would appear that the adjustment of prices and wages in China to the extraordinary new conditions began very quickly, for I find it stated that by the first month of 1894 the mills were again working steadily and profitably. I may perhaps give the actual figures. In 1891-92 the exports of yarn had been 161 million pounds. In 1892-93, the inflated year just preceding the closing of the mints, they rose to 189 million pounds. In 1893-94 they fell (as I have said) to 134 millions, but went up again the following year to 159 millions. In 1902-03 and 1903-04, though by this time the value of silver had now fallen to 24*d*. the exports were about 250,000,000 pounds, and in 1905-06 they reached the record figure of 298 millions. In the last two or three years there has been a falling off, owing to various causes, but the amount exported in 1908-09 was as much as 235 millions, and in the exports to China in particular there was a marked improvement.

"I claim, Sir, that this experience of an increase in exports, which may be roughly put at 50 per cent. during a period in which the value of silver fell by close on 40 per cent., entirely refutes the contention that a fall of 2 or 3 per cent. in the value of silver or even a much higher reduction is going to drive our yarn out of China. There could not have been a more decisive test of the 'bounty' theory than that to which it was subjected in the great experiment made in 1893. The theory was completely exploded in the case of tea and in the case of cotton; and I confess to some astonishment at finding it revived today in connection with a disturbance of exchange which might almost be called insignificant in itself and will certainly disappear the moment improving conditions make it possible for the Indian Government to resume silver purchases.

"The facts of the case, my Lord, at any rate as I read them, are that we are not dealing with an industry the ordinary conditions of which are so fixed that even a slight disturbance may produce a disproportionate result. As regards the Indian mills, the conditions under which they have been working for the last twenty years has been subjected to the widest fluctuation. The price of the raw material varies within the widest range. Exchange, as I have now repeatedly pointed out, has fallen and has also fluctuated to an extent which makes the present disturbance practically negligible. The mills have also no doubt been affected by the general rise of prices and wages in this country. Trade with China has also been interfered with by the deterioration of her copper coinage. Again as regards the general competition, the awakening activity of China is no doubt a real factor and one the importance of which must increase. If we take all these considerations together, there is no doubt much in the outlook which is uncertain and something which is disturbing. We can realise that under such conditions the mill-owners may feel bound to resist any charge which might even conceivably affect them adversely. But though those apprehensions are natural, it has not, as I submit, been shown that as regards the duty on silver they are well grounded, and we cannot be expected to refrain from using a fiscal instrument which from the broader point of view possesses exceptional advantages.

"I have now dealt as a whole, my Lord, with the case presented by the mills. There are, however, certain special points which demand reply. The first of these is the contention that the enhancement of the duty is incorrect in principle; that silver is an article of currency and should not be taxed. We do not accept this view. We have not accepted it in our tariff, in which we already distinguish between silver bullion which has hitherto paid the general rate of 5 per cent. and coined rupees which pay nothing. And if there is any proposition which has been treated as axiomatic in connection with our present currency system, it is the statement reiterated over and over again that the effect of the closing of the mints was to divorce the rupee from its relation to silver and to constitute it a token coin linked up with gold.

"Next, my Lord, we are told that the imposition of this tax will shatter confidence; that the mercantile community will never know when it may not be taken off or enhanced. It would be very regrettable, my Lord, if business were permanently hampered through any feeling of uncertainty as to the future intentions of Government. The position is the more difficult in that it is impossible for Government to bind their successors, or even as regards themselves to go about saying what they will do and what they will not do at some future date in matters of taxation. But I must say that this question of the fate of the silver duty seems to me the least disturbing of all the problems which beset the cotton manufacturer in India. He can see for himself that to take off a duty of this kind is infinitely more difficult than to impose it; and that the rate now proposed is so high that we could not readily contemplate taking another step. He might also assume that in such a matter as this the Government will not act with levity; and that if circumstances should arise—it is just conceivable that they might—in which the tax has to be modified, they will be circumstances of obvious and pressing necessity. For my own part I can imagine nothing better calculated to disturb the minds of the mercantile community, nothing more suggestive of the thin end of the wedge than a tax of 2 annas or $2\frac{1}{2}$ annas, which I see suggested in one of the amendments on the agenda paper. If the ultimate object of Government were to impose as high a tax as silver could bear, but to do it gradually, this is exactly the way in which they would begin. *Our* proposal has at any rate the merit of apparent finality: whether it will be really final or not is more than any one here can take upon himself to declare.

"Another complaint, and a very natural one, is that we are imposing the tax at a time of special embarrassment to the mills. Well, my Lord, it is impossible for Government to choose when to impose new taxation; and their times of exigency are very likely, in a country governed so completely by seasonal conditions, to be times of difficulty for agriculture and trade as well. If the tax had been proposed for currency purposes, we might well have deferred it, though, as I have already mentioned, the state of the trade in 1893 did not restrain the Government from closing the mints in that year. But its object is purely fiscal,

and we have had to consider the interests of the mass of the population rather than those of one section which, as we believe, though it may feel apprehensive at the moment, will not in the result be materially prejudiced.

"My Lord, I will end as I began by stating that the one and only object of Government is to raise revenue; and their object in selecting this form of taxation in preference to others is that they believe that the revenue required will in this way be raised with a minimum of hardship. I trust, my Lord, that a fuller consideration of the case will induce the great majority of the Council cordially to accept the proposal on this basis; and to recognise the spirit of consideration for the taxpayer which has induced the Government to fix its choice on this particular fiscal expedient."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA said:—"My Lord, the amendment that is now before the Council relates to the amount of additional duty to be imposed on silver, and so far as it affects the mill industry of Bombay it has been very ably and eloquently supported by many gentlemen who are better entitled to speak upon the matter. I do not propose therefore to take up the time of the Council by dwelling on that aspect of the question. But, my Lord, there is another aspect of the proposed taxation to which pointed reference has been made by the Hon'ble Mr. Brunyate in the speech to which we have listened just now, and that is how it will affect a large number of people among the general population. On that point I wish to submit a few words for your Excellency's consideration and for the consideration of this Council. My Lord, so far as the mill industry is concerned, it may be able to bear the loss which the imposition of the increased duty will inflict upon it, or it may not; but so far as a large number of people among the general population is concerned, it ought not to be forgotten that a great deal of silver is consumed by them not as a matter of luxury but under the compulsion of a necessity imposed by social and socio-religious considerations. On the occasion of marriages, and on the occasion of other ceremonies connected with marriages, a large number of the middle class people have to make silver presents to their female relations. These presents are not made merely by those who have made savings and can spare something, but by even the humbler man who is unable to spare anything but feels that social considerations require that he should pinch himself, that he should put himself under pecuniary obligations in order to present some small silver ornament to his daughter or to his daughter-in-law who is being married. My Lord, this custom has even a religious sanction. In the sacred books of the Hindus it is laid down that the most approved form of marriage is that in which the father of the bride selects the husband, invites him to the house and gives away his daughter in marriage after giving her such ornaments as he can. This being so, over the whole length and breadth of the country a large number of the people of the middle class will be exposed to a very heavy imposition if the proposal to increase the duty on silver is accepted. My Lord, the result will be this. The man who will go to the market to buy Rs. 15 worth of silver will have to pay Rs. 2 extra. That will not be the value of the silver, but it will be the tax paid to the Government. Is it fair, my Lord, to put this tax on these middle class men, and even on the humbler classes who also try when they can to present such ornaments to their female relations?

"There is yet another aspect of the question. The poor middle class throughout the country, and the poorer humbler classes generally, invest their savings, what little they may be, in silver. If the proposed duty is imposed whenever any poor man will buy silver worth Rs. 15, he shall have to pay Rs. 2 extra, and that sum, my Lord, will go for ever to the Imperial exchequer; it can in no way add to the real value of his silver; it gives an artificial and fictitious value to the silver; but so far as its real value is concerned, it remains where it was. When it is said that by enhancement of the duty the value of the silver will be appreciated throughout the country, and that the mass of the population will be benefited, and when surprise is expressed that members who represent the masses do not render support to this proposal to add a further duty on silver, I submit, my Lord, that note is not taken of the important fact that silver is not an article of luxury of the poor but that they use it, when they do, as a matter of necessity or an investment. That being so, my Lord, the next question that arises is, has any necessity been proved for

imposing this fresh burden upon the poor? I have listened with the greatest consideration to all that has been said by the Hon'ble Finance Member, the Hon'ble Mr. Meston and the Hon'ble Mr. Brunyate, but I regret to say that I do not see any justification for adding to the burthens of the poor at this moment. What are the exigencies in which the Government finds itself? The budget clearly shows that so far as the people generally are concerned, they have been adding to their contributions to the Imperial Exchequer. The land revenue alone has given 65 lakhs more in the last year than was expected when the budget was framed. It is clear that the contributions of the people have not decreased; they have increased in many respects; and, on the whole, I submit that it cannot fairly be said that there is any justification, so far as the collections of the year can show it, for imposing a fresh burden on the people. No circumstances have arisen which would justify a resort to fresh taxation. As my Hon'ble friend Mr. Gokhale has pointed out, there is no war threatened, there is no famine impending, and, my Lord, there are no other circumstances which would justify a resort to additional taxation, and particularly to a taxation which would fall heavily on the poor.

"If the Government require more money than the revenues of the year are likely to bring them, then, taking the circumstances of the country as they stand, there are certain courses which are obviously open to the Government. In the first place there is the long standing complaint that the expenditure of the Government generally is extravagant. My Lord, these complaints have been made year after year, but no serious effort has been made to generally recast expenditure. I do not blame the Hon'ble Finance Member for it. I am sure we all respect him for his desire to keep down expenditure and are grateful to him for his expressions of sympathy. The statement which he has made would show that if the Government could be persuaded, he would be more than glad to have a general recasting of expenditure in order to reduce expenditure generally. But while I gratefully recognise that he has taken care, with the knowledge that he had of the circumstances of the country, to frame a budget which he considered would fall in the lightest manner upon the mass of the people, I regret that the result will unfortunately be different from what he desires so far as the tax on silver and petroleum is concerned. And there is a general feeling that it was possible to avoid these taxes by reducing expenditure at least temporarily, or by suspending works which did not press for urgent execution. There seems to me no reason why such suspension should not have taken place. Under Civil Works, for instance, I find that there is an increase of nearly 60 lakhs provided for in the next year's budget. I have been unable to understand, my Lord, why this expenditure of 60 lakhs could not be postponed for a year. The expenditure on the Army has been growing, and this in spite of the earnest representations of the people. The expenditure on general administration also has been growing. Take only a few figures so far as the general administration is concerned. In the year 1906-07 the total amount spent was £1,524,835. In the Budget the amount is put at £1,744,500. Now, my Lord, I submit that there appears to be no reason why when the Government finds itself not in a position to meet fresh expenditure such expenditure should not be stopped, at any rate for the time being. So also in the case of Stationery and Printing. I find in the Budget of 1909-10 the amount budgeted for was Rs. 89,55,000 for Stationery and Printing. In the budget before us it is Rs. 98,74,000. I do not see why a little curtailment of expenditure should not have been effected there. Then with regard to the programme of railway construction. I do not see any reason why in a season of financial difficulty the Government must borrow the large amount of Rs. 16,30,00,000 to provide for increased expenditure on railways. My Lord, this means a serious hardship to the people as we have to meet the charges of interest on this railway debt from the revenues of the year; and in the Financial Statement I find it stated that the increase in the amount of interest is due to the progress of capital expenditure. My Lord, the Government ought, I submit with great respect, to act under such circumstances like any good householder. If it finds that it cannot meet interest on the amount which it wishes to borrow, it should stop borrowing. If the Government find that they are not able to meet interest charges from the ordinary revenues, justice to the tax-payer requires that the borrowing should be postponed for a time. Then with regard to

administrative changes, I am unable to understand, my Lord, why for the purpose of meeting the wants of improved administration resort should be had to fresh taxation. Eastern Bengal and Assam stand in need of money. I submit that every province should be required to meet the expenditure, which it has to meet, from its own revenues. I do not understand why my people of the United Provinces should have to pay higher stamp duties, higher court-fees and higher silver and petroleum duties because Eastern Bengal and Assam has been found to be financially a bad administration."

THE PRESIDENT:—"I would remind the Hon'ble Member that he is wandering entirely from the general principles of the Bill. We are now discussing the amendment."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA: "I beg your Lordship's pardon, my Lord. My object was to support the amendment by explaining that it was not necessary to impose the proposed duty on silver. I will confine myself to the amendment. My Lord, I support the amendment as it seeks to prevent an impost being added which will press on the poor people of the country, for which I submit that no justification has been shown. If more money must be found, other sources must be tapped, for there are other articles which can very well bear taxation; but so far as silver is concerned, I hope that the Government will see its way to accept the amendment and not put this further burden on the poor."

The Hon'ble SIR GUY FLEETWOOD WILSON:—"Perhaps your Lordship will allow me to say a word or two in answer to the Hon'ble Pandit Malaviya because otherwise he might think me ungrateful, inasmuch as he has delivered a very valuable lecture on the merit of economy which will help me very much and for which I am very grateful. I do not intend to follow him over the large area which he has covered by his remarks as they are not germane to the amendment which is now before us. I do not propose to say much at this late hour: in fact I propose to say very little. Parenthetically, I would remind my Hon'ble friend behind me that we fully recognise that we shall have to pay more for those little presents which we are all called upon to buy. Even in my race and creed we have to make presents to our female relations and to other peoples' female relations for that matter, and I very greatly regret that when Christmas comes round we shall all have to pay out more rupees; but on the other hand, we shall have the satisfaction of feeling that we are contributing to an increase in the revenue.

"Whatever our views may be on the silver question, we can all join, I think, in congratulating the Hon'ble Mr. Brunyate on his maiden speech, and we may agree that he has shown great grasp of his subject and marked ability in his treatment of it. I certainly do not propose to travel over the same ground, and will merely repeat what I said in my Budget Statement, namely, that the object of the enhanced duty is to raise revenue. But the fact that a tax presents advantages other than the mere production of revenue does not prove that that tax is a bad one. *Inter alia* it will certainly result in an appreciable additional value accruing to the silver hoards in this country. I combat altogether the idea that this increase imposes a loss on the people of the middle class or otherwise. As to the point made, that the people will have to pay more for silver, it is perfectly evident that if the value of the silver is greater, they will get more for their money. The opposition to this tax, I honestly believe, is primarily and mainly the opposition which comes from Bombay mill-owners. It is a perfectly natural opposition, and I sympathise with their anxiety, but I believe their anticipations will to a large extent not be realised; indeed I think Mr. Brunyate has proved this conclusively.

"We must consider the interests of India as a whole, and in the interest of India as a whole I think it is perfectly legitimate to make silver produce revenue when revenue is wanted. Are the Indian Members as a whole going to support this amendment? Are the Indian Members going entirely to ignore the indirect advantage which this tax will confer on their people? Are you going back to your people and tell them that you have opposed a duty which will restore to your people at any rate something of what we are always charged with having taken from them when we closed the mints in 1903? Will you tell your humble artizan, your coolie and your raiyat that you have done your best to prevent an enhancement of the value of their hard-earned savings? Will you tell your

lowly-placed women-folk that you have opposed to the utmost in your power any increase to the value of their poor little domestic treasures? I am convinced that the Government is right in imposing this tax on silver. It is one which has been advocated by far abler men than myself, and it is one which, after the most careful consideration, I have advanced with confidence. I am unable to accept the amendment."

The Council divided:—

Ayes—18.

The Pandit Madan Mohan Malaviya.
The Hon'ble Maharajadihraja Bahadur of Burdwan.
The Hon'ble Babu Bhupendra Nath Basu.
The Hon'ble Mr. M. Mazharul Haque.
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.
The Hon'ble M. R. Ry. Nyapathy Subba Rao.
The Hon'ble Raja Vairicherla Vairabhadra of Kurupam.
The Hon'ble Mr. G. K. Gokhale.
The Hon'ble Mr. F. Rawson.
The Hon'ble Kanwar Sir Ranbir Singh.
The Hon'ble Rao Bahadur R. N. Mudholkar.
The Hon'ble Mr. C. H. Armstrong.
The Hon'ble Sir Sassoon David.
The Hon'ble Mr. M. B. Dadabhoy.
The Hon'ble Mr. G. M. Chitnavis.
The Hon'ble Mr. Mahomed Ali Jinnah.
The Hon'ble Mir Allah Bakhsh Khan.
The Hon'ble Sir Vithaldas D. Thackersey.

Noes—39.

His Honour the Lieutenant-Governor.
His Excellency the Commander-in-Chief.
The Hon'ble Mr. J. O. Miller.
The Hon'ble Sir Guy Fleetwood Wilson.
The Hon'ble Mr. S. P. Sinha.
The Hon'ble Sir Harvey Adamson.
The Hon'ble Major-General R. I. Scallon.
The Hon'ble Mr. R. W. Carlyle.
The Hon'ble Mr. L. M. Jacob.
The Hon'ble Mr. B. Robertson.
The Hon'ble Mr. J. S. Meston.
The Hon'ble Mr. J. B. Brunyate.
The Hon'ble Sir H. A. Stuart.
The Hon'ble Mr. S. H. Butler.
The Hon'ble Malik Umar Hyat Khan.
The Hon'ble Zulfikar Ali Khan.
The Hon'ble Mr. M. W. Fenton.
The Hon'ble Mr. F. A. Slacke.
The Hon'ble Mr. J. M. Holms.
The Hon'ble Mr. C. H. Kesteven.
The Hon'ble Mr. C. G. Todhunter.
The Hon'ble Surgeon-General C. P. Lukis.
The Hon'ble Mr. H. W. Orange.
The Hon'ble Mr. J. M. Macpherson.
The Hon'ble Mr. J. Andrew.
The Hon'ble Mr. H. O. Quin.
The Hon'ble Mr. W. C. Madge.
The Hon'ble Mr. C. W. N. Graham.
The Hon'ble Mr. F. A. Th. Phillips.
The Hon'ble Mr. F. C. Gates.
The Hon'ble Maung Bah Too.
The Hon'ble Mr. P. C. Lyon.
The Hon'ble Maulvi Abdul Karim Ghuznavi.
The Hon'ble Maulvi Syed Shamsul Huda.
The Hon'ble Mr. C. Stewart-Wilson.
The Hon'ble Mr. F. E. Dempster.
The Hon'ble Lieutenant-General Sir Douglas Haig.
The Hon'ble Sir T. R. Wynne.
The Hon'ble Colonel F. B. Longe.

So the motion was negatived.

The Hon'ble SIR VITHALDAS D. THACKERSEY moved that in item 6 in Schedule III appended to the Bill, as amended by the Select Committee, for the word and figure "annas 4" the word and figures "annas $2\frac{1}{2}$" be substituted. He said:—"My Lord, in moving this amendment I propose to reduce the rate of duty from annas 4 per oz. to annas $2\frac{1}{2}$ per oz. My Lord, so far as the

principle of taxing silver is concerned, I hope I have made myself clear in my previous speech that I am absolutely opposed to it. But without prejudice to that contention, I am moving this amendment with the object of minimising the disturbance in the silver market and the consequent adverse effect on one of the principal industries of India. The Hon'ble Mr. Brunyate in his very able speech has admitted that it would have such adverse effect. The only difference is as to its extent. With due deference to the Hon'ble Mr. Brunyate, I submit that to speak of 2, 3 and 4 per cent. loss on production as negligible, is misleading. Admitting that the extent of the loss is what he estimates it to be, namely, about 3 per cent., it works out at about Rs. 5 per bale, taking the average price or Rs. 25 lakhs on 5 lakhs of bales of exports. In order to show what proportion it will bear to the capital cost of a spinning mill, I will take the instance of a mill containing 40,000 ring spindles. The approximate cost of such a mill would be about 20 lakhs; and taking the production of the mill to be 18,600 bales of yarn per year the loss would come to Rs. 93,000 on the basis of Mr. Brunyate's figures or equivalent to nearly 5 per cent. on the capital of the mill. Is this loss so small as to be lightly regarded by this Council? It was further argued by the Hon'ble Mr. Brunyate that the silver in London had not gone down to the extent of the new duty and that the share market in Bombay had not been depressed to a considerable extent. Now, my Lord, is it conceivable that the effect of the new legislation should fully come into operation the very next day on the price of silver at home or on the shareholders of mills? The economic laws of supply and demand must ultimately determine prices. The producers of silver could not be expected to reduce their selling-price immediately until the demand slacks off. In the same way, shareholders do not sell away their shares at a greatly reduced price until they find that their dividends are growing less. Therefore, my Lord, we should not judge of the consequences of this enhanced duty by the state of the market within the last week. The economic laws of demand and supply will ultimately assert themselves, and we have only to consider today what the tendency of the new duty is likely to be.

"Then, my Lord, the Hon'ble Mr. Brunyate argued that after the closing of the mints in 1893, although temporarily we shipped less yarn to China, our exports to that country increased in 1905-06. My Lord, I can only say in reply to that, that although the mints were closed in 1893, the rupee did not rise to the level of 1*s.* 4*d.* for a considerable time and continued low until 1898-99 when the full effect of the currency legislation made itself felt. During this period mills sprung up in China like mushrooms: and as a consequence in 1901 in India 20 to 25 mills went into liquidation as has already been pointed out by the Hon'ble Mr. Gokhale. And whatever success the Government may claim for their currency policy, it was on the ruins of these Mill Companies. In the same way, after the legislation of today more mills may go into liquidation and Government may be able to collect an extra revenue of 55 lakhs of rupees out of their wreck. Is that the policy which Government or a responsible Council like this should accept? Have we not to consider the safety of the capital already invested in the spinning industry or that this Council should add to the existing difficulties of the industry which are already very great? I do hope that the Council will accept this amendment as being calculated to minimise the shock to the Indian yarn trade with China."

The Hon'ble SIR GUY FLEETWOOD WILSON said:—"I confess that it seems to me that this resolution if carried will produce no good result. It will not produce the effect of removing any of those evils which have been put before us so eloquently and so strongly in regard to the tax on silver in itself, and on the other hand it will produce the evil result of curtailing the revenue of which I stand in need. Therefore, I am sorry to say I must meet it by a direct negative."

The motion was put and negatived.

The Hon'ble SIR VITHALDAS D. THACKERSEY moved that to sub-clause (ii) of clause 1 of the Bill, as amended by the Select Committee, the following proviso be added, namely:—

"Provided that the silver afloat or in bond on that date shall not be liable to pay the enhanced duty."

He said:—" My Lord, the Hon'ble Mr. Armstrong in his speech with reference to another matter has clearly explained to this Council how it would be unjust to tax trade when that trade has imported certain things hon stly. When this duty was declared no one had the slightest idea that Government had the intention of levying duty on silver, and therefore in the natural course of trade the usual consumption of India came in. Apart from the question of banks that are importing silver—I had a conversation with the manager of a bank in Calcutta recently, the banks have not much to lose, I admit, and if they had to lose, I would not press my amendment so strongly because banks are strong enough to bear the burden even if it is unjustly laid,—but the question when a burden is unjustly laid upon the individuals who have purchased from the banks, and who have in their turn sold the silver to small merchants, the burden on that individual, who is not perhaps so strong to bear the burden, is greater than it would be to the bank. So, my Lord, I think that it is quite reasonable that those who have honestly traded should not be made to suffer, and if this amendment is not accepted, I fear there may be many ruins for the little revenue that the Government of India may derive from this. It may be 10 or 15 lakhs of rupees from the few people who hold bullion, but they would be ruined. I, therefore, my Lord, propose this amendment."

The Hon'ble SIR GUY FLEETWOOD WILSON said :—" My Lord, this is an amendment which is deserving of the most sympathetic consideration. It is obvious that the suddenness of the enhancement of additional duties has come somewhat as a shock, not only upon the silver market, but upon many interests not in any way connected with silver. I had hoped that I might be able to meet my Hon'ble friend in regard to this amendment, but I much regret that I cannot accept it. Hon'ble Members will, I think, readily understand that we cannot deal with silver alone in considering this question. There are other imports which are equally hit by the date which we have fixed upon as the one which shall govern the application of the new duty. An alteration of this date, if accepted, would have to apply to the whole of the new taxes, as it would be obviously unreasonable and unfair to extend a concession to silver which I have had to refuse in the case of tobacco, spirits and petroleum.

" I very much regret that I cannot accept this motion. Hon'ble Members will readily understand that I cannot treat it as referring to silver alone. The same principle, if accepted, applies to the whole of the articles which are affected by the new tariff, and it would be unreasonable and unfair to extend the concession to silver which I should have to refuse to liquors or tobacco or petroleum. Had the position been different I should gladly have listened to any reasonable suggestion for avoiding inconvenience to the trade by some concession in regard to goods which are now on their way to India or are stored in our bonded warehouses. It would be impossible, however, as matters stand, to reconcile all the different interests, which have equally strong claims in the matter, without a sacrifice of revenue which our situation renders wholly unjustifiable and which might seriously affect our financial prospects for next year.

" If I were to allow articles which are now in transit to come in at the old rates of duty, how could I refuse the same privilege to articles now in bond ? If I admit the issue at the old rates of articles which are now in bond, how could I refuse the same concession to the large quantities of Indian manufactured beer and foreign spirits which are now in bonded warehouses all over the country, or to beer and spirits which are now under the process of manufacture in our local breweries and distilleries, but which will be placed in the market before the arrival in India of the last shipments, or similar articles to which I should be extending the old rates ?

" The only possible way of reconciling all these different interests is clearly to fix one date for everything. That date must, for obvious reasons, be the date on which our proposals are first made public. We are bound by no precedent in the matter. It is true that, when the mints were closed, certain consignments of silver were accepted at a later date; but that transaction, which, I may remark, has since been almost universally condemned, bears no analogy with what is now suggested. It is true also that four years ago, when the last rise in the spirit duty took place, certain concessions of this character were made ; but, on the other hand, when Sir Edward Baker raised

the beer duties in 1908, a repetition of these concessions was refused. I should have been very glad to have been able to meet the suggestion implied in this amendment not only in the case of silver but in the case of all these articles which are going to pay additional duty, but I regret to say that I am unable to do so and for the reasons given I am afraid that the 25th February must be the date for the application of the new duties. I therefore cannot accept the amendment."

The motion was put and negatived.

The Hon'ble MR. CHITNAVIS moved that in clause 3, sub-clause (iii), for the words and figures "No. 16", "Petroleum", "One anna" and "One anna and six pies," the words and figures "No. 8," "Sugar", "Five per cent." and "Seven-and-a-half per cent." be substituted, respectively." He said:—"My Lord, as could be seen from the tenor of the debate today, sugar, in the opinion of the people of this country, will be far more preferable subject of taxation than petroleum. The suggested increase in the duty on sugar, far from causing irritation, will be more acceptable to the nation. I do not refer here to its probable economic results. It may help the indigenous industry. But we here discuss the tax only as a source of revenue. The imports of sugar are increasing, and should therefore, apart from other considerations, be a fit subject of taxation. According to the Revised Account of the current year, the Customs revenue from sugar is 55 lakhs of rupees, whereas that from petroleum is 47½ lakhs of rupees. An addition of 50 per cent. duty should yield more in the one case than in the other. Besides, an additional loading on sugar would be justified by all economic considerations. On the contrary, an additional tax on petroleum will appear to be a violation of the enlightened principles of taxation which this Government has generally followed in the past. Petroleum is almost a necessary of life with the poor middle classes whose standard of comfort has risen, but whose resources have become crippled with the rise in prices. The incidence of further taxation upon it will clearly fall upon these unfortunate people. A rise in the price of the foreign petroleum will cause a sympathetic rise in the price of the Burma oil which is so largely used by the poor, even the very poor in their villages. It may be properly called the poor man's light. These will suffer equally with the higher classes in consequence of the increased duty. On the other hand, imported or refined sugar is largely used by the comparatively richer classes. The poor man is satisfied with molasses and the crude or unrefined country sugar. The imported sugar is an article of luxury of the richer classes, and, if anything is to be taxed, that should be. I therefore suggest the alteration in the subject of taxation on principle as much as for its greater productiveness. I appreciate the motives that have induced the Hon'ble Finance Minister to select petroleum for increased taxation, but, having regard to the general feeling and the many and varied uses to which petroleum is applied in this country, I feel it my duty to make this humble suggestion. I am glad that this suggestion finds strong support both in this Council and outside it. The Press, both Indian and European, which represents a large body of public opinion in the country, cordially supports it, and so also the most prominent mercantile associations in this country."

The Hon'ble MR. CARLYLE said:—"I must say that I was very surprised when I saw that a gentleman who is so well known for his zeal for the welfare of the poor proposed to impose an increased tax on sugar rather than petroleum. But this debate has brought enlightenment, and I see that it is not recognized by all that sugar is an absolute necessary article of diet in some form or other. Petroleum is to a certain extent a luxury, while sugar is an article of necessity. What really makes this proposed tax on sugar popular is, I have no doubt, the fact that it is believed that it will help to protect a very important home industry which is supposed to be threatened by foreign competition. I have looked through the agricultural statistics very carefully—unfortunately there are no statistics for country refineries in India—and I can find no warrant whatever for the belief that the Indian industry is in any danger whatever. In 1898-99 the acreage under sugar-cane was 2,485,681; it varied with seasons, but its maximum was reached in 1907-08, when it rose to 2,639,200 acres. Since then there has been a considerable drop, but I believe this is entirely due to seasonal causes. There was a very bad monsoon in 1907 and poor rains in 1908. After a drought or famine the poorer cultivator is obliged to give up precarious or expensive crops for other crops which will bring him in a quicker return.

I may note that ten years ago there were similar fears of the future of the Indian sugar industry owing to the competition of bounty-fed sugar. The Lieutenant-Governor of the North-Western Provinces wrote in great alarm on the subject, and his letter very much impressed the Government of India. It was quoted by Sir James Westland in the debate on the amendment of the Tariff Act in order to enable Government to place a countervailing duty on bounty-fed sugar. But events have falsified these forebodings: the cultivation has not decreased, while at the same time imports have very largely increased, and this is largely due to the fact that India is now in a position to buy a larger quantity of a very important article of diet. I may have failed to convince the Hon'ble Member that the increased tax will not be protective. If so, he has to face a somewhat difficult position. In a free trade country a protective duty should as a rule be counterbalanced by an excise-duty, and no one, I think, can look with equanimity at any idea of putting an excise-duty on sugar cultivation in this country. If the Hon'ble Member had brought forward his proposal as part of a general scheme for increasing the tariff for revenue purposes, the matter would have been somewhat different. It is very difficult to fix the exact point where a revenue tariff becomes protective, and in raising a revenue tariff all round it is almost impossible to avoid giving slight protection in the case of some items; but this is a very different matter from specially selecting one article for increased taxation. Fortunately the Government of India is not now in a position in which it requires to raise the revenue which might be obtained by an increased tariff all round, and it is unnecessary to consider the matter from this point of view. I hope the Council will agree with me that it would be unwise to accept the resolution now before us. Sugar is a necessary of life and, except on strong grounds of the revenue needs of the State, we should not do anything to raise its price specially as by doing so we would not be assisting the class whom the Hon'ble Member would like to help."

The motion was put and negatived.

The Hon'ble MR. GOKHALE moved that clause 3, sub-clause (iii), of the Bill, as amended by the Select Committee, be omitted. He said:—"My Lord, the object of my amendment is to get rid of the proposed enhancement of duty on petroleum altogether. The Hon'ble Mr. Carlyle just now told us that sugar was a necessary of life, even to a greater extent than petroleum. Well, all I can say is that he was speaking of the poorer classes of some other country and not of India. I am sure that there are tens of thousands of cultivators who do not see sugar from year's end to year's end, whereas they cannot do without petroleum. They must have a little light in their houses and petroleum has now come to take the place of the ordinary vegetable oils. However, I am not going to argue the question about sugar as the amendment relating to it has been rejected: I will only say one or two things about petroleum. Petroleum is recognised to be a necessary of life. The imports of duty-paying petroleum are very considerable and they have been steadily increasing. During the last three years I find that the duty paid on petroleum has risen from about 37 lakhs to 53 lakhs, or about 45 per cent. Burma oil cannot supply the needs of the people altogether, because its supply is not equal to the demand. I think therefore that this duty on petroleum will really fall upon the poorest classes of the community. As I said this morning, the price of Burma oil will go up, if not by the full amount of this duty, at least by something like it. I therefore propose that the amendment which I have moved should be accepted by the Council."

The Hon'ble MR. GATES said:—"My Lord, it will perhaps be expected of me as representing the Government of a Province which is much interested in the petroleum industry to put before this Council a few facts bearing upon the motion just made by the Hon'ble Member. The Hon'ble Member says that petroleum is much more a necessary of life for the people of India than sugar, and he seems to consider that there are thousands of people in India who have never seen sugar but who use petroleum daily. Well, my Lord, I appeal to the experience of this Council. Is there any one here who wishes to corroborate that statement? (Cries of 'we do.') On the contrary, besides petroleum there are many illuminating oils which are used by the common people in this country. You will find from the trade returns that the quantity of foreign mineral oil imported in the year 1908-09 was about 84 million gallons. There

was a drop in the imports in 1909-10 for reasons which I shall touch on later. Well then, it is proposed to charge an extra duty of six pies per gallon on this amount of 84 million gallons. That would amount to about 26 lakhs of rupees in the year. Now what is the population which is going to pay this sum? The population of India at the last Census was 294 millions. I will deduct the populations of Burma and Eastern Bengal and Assam, because, although they take a certain quantity of imported oil, it is not very much. (I think about 2 million gallons were imported into Burma in one year, and a certain amount no doubt goes into Eastern Bengal and Assam, though it is difficult to say how much because it goes through the inland water-ways from Calcutta.) Now deducting the population of Burma and Eastern Bengal and Assam, which is about 42 millions, this leaves 252 millions of people who have to pay 2½ millions of rupees, so that the incidence is one rupee to 100 persons or two pies per head. We know that there are thousands of people in this country who are far from railways and who do not use kerosene. According to figures kindly supplied to me by one of the representatives of one of the oil industries, the deliveries of local mineral oil from refineries of any consequence and the deliveries of foreign mineral oil from the ports aggregated about 155 millions of gallons in one year, and that gives us a consumption of 155 millions.

"Now I will try and approach the subject in another way. There was an import from abroad of 84 million gallons and there was a transport from Burma into the Indian Peninsula of 62 million gallons. That makes a total of 146 million gallons. The internal consumption of Burma has been variously estimated at from 8 to 12 million gallons. I will take the higher figure. That produces a total of 158 million gallons. Now the Council will see that these two calculations are not very far apart, one of 158 millions and the other of 155 millions. Well, suppose we strike an average and take the figure at 157 million gallons. Of course this figure neglects certain small producing areas in Baluchistan and a rather larger area in Assam, but the production of these is nothing very great. On the other hand it neglects the export or transport of petroleum by land or by sea from the area to which these figures relate. However, I am not troubling about this. There is a large margin and I will present that margin to the Hon'ble mover of the amendment. Well then, 294 millions of people are consuming these 157 millions of gallons of mineral oil. Now let us suppose for the sake of argument that the whole of this consumption is going to rise in price. I do not admit that point and I shall perhaps return to it later on; but we will suppose it for the present. Then the incidence per head on this rise in price, owing to this extra duty which it is proposed to put on, will be something like 3 pies per head per annum. Now these are merely what I may call control calculations. They fix the figures at which the populace can possibly be affected. But I have made some enquiries as to the actual consumption of petroleum by persons of the middle or poorer classes, say the ordinary cultivating *raiyat* and his family. My Hon'ble friend who sits next to me referred when moving his amendment to the burden which would be laid upon the middle classes. He did not appear to care about the poorer classes so much. It was the middle classes he was considering. I am not going into the budgets of the middle classes, because I think that the argument that was used by the Hon'ble mover of the amendment laid more stress on the burden falling on the poorest. A correspondent in Burma, where there is a fairly high standard of living and where petroleum is produced, estimates the amount used to be 1½ tins or 6 gallons a year. I have made some other enquiries and I am disposed to think that is a rather low estimate. I will put it at 2 tins a year. I am told that 4 bottles a month is a reasonable consumption for a raiyat's family. That is 48 bottles a year or 8 gallons, and that is just about 2 tins. Now the extra duty on this at 6 pies a gallon would be 4 annas per annum, not per head but per consuming family. Of course 4 annas a year is not to be despised in the budget of the cultivating *raiyat*, but still, if we must have money, I submit that that is as reasonable and as good a way of getting it as can possibly be devised; and I should like to draw the attention of the Council to the fact that if these duties fall on the poorest classes, they have been relieved not very long ago by the reduction of the salt duty, and this enhancement of the duty on petroleum, if it does fall on

them to the extent of 4 annas per family per annum, will not come to so much as they have been relieved of by the reduction of the salt tax.

"Now, my Lord, I desire to say just a few words on the question of whether all the mineral oil, that from Burma as well as that which comes from abroad, is likely to go up in price, and indeed whether the importers of foreign oil will succeed in passing on the extra duty to the consumer. Now, my Lord, that is a very intricate question. The oil companies move in a region of high politics. They have wars and preparation for war and exhaustion after war, and it is very difficult to say what is likely to be the result in any particular case in this extremely artificial condition. But this much we do know. There is some arrangement between the Burma Oil Company and the Asiatic Petroleum Company. When the appearance of new competitors in the Burma Oil Fields caused a fall in prices in the Indian market, the Asiatic Petroleum Company brought in a great deal less of their own oil, and they sold a great deal more Burma oil, and we may presume that they sold it at a profit. I take it that they would not be content to go on doing it unless they made a profit. Now, in the course of this competition the price fell as low as Rs. 2-2 per unit. A unit is 8 gallons. Two tins are spoken of as a unit, I understand, because even when the oil is sold in bulk it is still sold at so much per unit. Well, as I say, the Asiatic Petroleum Company were taking in a great deal of Burma oil and were selling it through their marketing organization. I believe it paid them better to burn their own oil as fuel at that time. But I understand that they were not content that their own product should disappear from the market altogether. They have to keep it before the public and wait for better times when they will push the sale of their own product once more. Consequently, they went on selling their own product up to a limited extent throughout this competition, and, as they have borne the full brunt of the fall in price which was induced by this competition there seems to be considerable reason to expect that they and the other importers from the United States of America and from Roumania will very likely have to bear this extra duty themselves and that they will not be able to pass it on to the consumer.

"It has been suggested that even if the Burma Oil Company do not raise their prices—and I think there is very strong reason to expect that they will not raise them, at least for the present, while the question of excise duties is not settled—that the importing companies will raise their prices and that the dealers in towns will charge the extra price both on Burma oil and on the other. Well, my Lord, if they all combine that can be done, but if any one of them instead of taking his share of the profits on the rise of price prefers to charge a lower price, and get a greater share of the sales, then the combination will fail and that scheme will not succeed. I do not wish to prophesy, and I do not think any one can prophesy, what may happen, but I think it is not by any means certain that this duty will be passed on to the consumer. There seem to be three possibilities—either that this duty will be passed on to the consumer both for foreign oil and for Burma oil, or else the prices may be unaffected by it and the importers will have to bear the extra cost, or else in the course of time the Burma oil will drive the other oil out of the market altogether. There is one thing that I note at this point, namely, that prices began to rise owing to the slackening of the competition, before the extra duty was announced. The price had been down as low as Rs. 2-2, but it had been brought up to Rs. 3 before this duty was announced. There is one word more, I might say, on this subject. It has not been said in this Council, but I have seen it said in the newspapers and elsewhere, that the Government was under the impression that the American oil only went to the higher class of consumers or was burnt in the better sort of houses. I think the Government was under no misapprehension on that point. It seems clear that a considerable proportion, about $\frac{5}{6}$ths, of the American oil competes with the Burma oil and with the Borneo oil. The Burma oil is always the cheapest and the other oils generally carry slightly higher prices. I believe they have slightly better illuminating effects. Be that as it may, whatever the price of Burma oil may be, that controls the market; there is not a fair fight between them. Owing to this system of combines, they cannot sell as much as they wish. They have to abide by certain arrangements. We do not know the details of them—of course they are suspected—and consequently the price is never affected as freely and as easily as that of other commodities is affected.

"Then there is one more point which I may mention, although it is not perhaps exactly relevant to this amendment, and that is the question of the excise duty. I think the Hon'ble Mover of the amendment is not averse from some protection for Indian industries, but I don't think his sympathies go as far as Burma. Burma after all is part of India, and surely the Hon'ble mover of the amendment does not wish the people of Burma to think that the enlarged representation of other parts of India on this Council will lead to a less careful consideration of Burman interests than before. The Burma petroleum industry is surely as worthy of encouragement, or even of protection if you like to call it so, as the sugar industry. As to this excise duty it has been stated by the Hon'ble Finance Member that the question of excise is still open, but there are some practical difficulties in the way. Besides the Burma Oil Company's large refineries there are between 30 and 40 small refineries in Burma, each of which would have to be supplied with guards and watchmen and so on. If from a financial point of view it is necessary to counterbalance this import duty, if experience shows that this is so, I think some other way will have to be found of doing it, and perhaps in that case a duty on the transport of oil by sea from Burma to India would be feasible. But I would add one word of caution on the subject, and that is that this would be a new departure and that there is a considerable section in Burma which is apt to dwell more upon the disadvantages of the connection with India than upon the advantages. Perhaps it would not be wise to differentiate against Burma by a new process. However, I think those things are in the future. At present, I believe it is not certain that the Burma oil will drive the other oils out of the market and consequently it is not certain that the Finance Minister will lose the revenue for which he has budgeted, and therefore I think that the question of excise will not come up for consideration just yet. I submit to the Council that this increase of the petroleum duty in the present circumstances of the finances is a praiseworthy item of the Tariff Bill and of the financial arrangements for the coming year."

The Hon'ble MR. GOKHALE said:—"My Lord, I am reluctant to address the Council again at this late hour, but I am afraid I must not allow what the Hon'ble Member who has just spoken has said to pass without a reply. The first thing that I would like to say is this. I would invite the Hon'ble gentleman to accompany me to the part of the country from which I have come—the Deccan. I will take him from town to town, village to village, and will show him that there is not a single house which does not use petroleum. I will also show him thousands and thousands of poor raiyats who do not use sugar from year's end to year's end. That is my answer to the first point. Then, my Lord, he said that the incidence of this new enhanced duty would be about 4 annas per annum per family. I accept his calculation. To my mind 4 annas per family is a serious addition to the burdens of the poorest classes of this country. The Hon'ble Member says that the people have had a relief in the remissions of salt tax. The prices, however, have gone up in every direction, and I am quite sure even 4 annas a year will make a considerable difference to poor people. As regards the question of excise in Burma, I did not refer to it as I had learned from my Hon'ble friend the Finance Minister that that question was under consideration. Moreover my whole fear is that the effect of this duty will be to inflate the profits of the producers in Burma. I understand that all Burma oil that can possibly come to India finds a ready sale; therefore it does not seem that any protection is necessary."

The Hon'ble SIR GUY FLEETWOOD WILSON said:—"We have had an admirable speech, and I think a convincing speech, from the Hon'ble Mr. Gates, and I think he has proved conclusively what I have always been convinced of, and that is that the very fractional amount of cost which will fall upon the poorer Indians is almost a negligible quantity. I do not think that anybody will be willing to charge me with being unsympathetic to the interests of the poorer classes in this country, and if I had thought that this additional tax on petroleum was going really to press heavily upon the poorest Indian class, I would have made every effort to select some other object for taxation. But, when you come to four annas a year per family, I do not think you can say that the taxation is otherwise than fractional. Of course we are all going on the

assumption that it is the very poorest who will be affected: but this method of dividing the amount up amongst millions is rather fallacious in this sense that a great proportion of the oil is burnt by the richer people or at any rate by the people who are not so very poor. It also must be remembered that vegetable oil is largely used, particularly I believe in the Punjab—of course on all these matters I have to speak subject to correction because my knowledge of this country is not extensive or based upon a lengthy experience—there is still a great deal of vegetable oil used; and I think I am right in saying that the *raiyat* is one of those extremely shrewd persons who believe in the little verse

> "Early to bed, and early to rise,
> Makes a man healthy, and wealthy, and wise."

"And he does go to bed early and therefore does not burn very much oil. I think that, on the whole, I really am entitled in the words of one of the greatest of English Financial Statesmen in claiming *ex luce lucelum*, and with that I merely have to say that I cannot accept the amendment."

The Council divided:—

Ayes—16.

The Hon'ble Pandit Madan Mohan Malaviya.
The Hon'ble Zulfikar Ali Khan.
The Hon'ble Maharajadhiraja Bahadur of Burdwan.
The Hon'ble Babu Bhupendra Nath Basu.
The Hon'ble Mr. M. Mazharul Haque.
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.
The Hon'ble M. R. Ry. Nyapathy Subba Rao.
The Hon'ble Raja Vairicherla Vairabhadra of Kurupam.
The Hon'ble Mr. G. K. Gokhale.
The Hon'ble Rao Bahadur R. N. Mudholkar.
The Hon'ble Mr. M. B. Dadabhoy.
The Hon'ble Mr. G. M. Chitnavis.
The Hon'ble Raja Pramada Nath Ray of Dighapatia.
The Hon'ble Mr. Mahomed Ali Jinnah.
The Hon'ble Mir Allah Bakhsh Khan.
The Hon'ble Sir Vithaldas D. Thackersey.

Noes—41.

His Honour the Lieutenant-Governor.
His Excellency the Commander-in-Chief.
The Hon'ble Mr. J. O. Miller.
The Hon'ble Sir Guy Fleetwood Wilson.
The Hon'ble Mr. S. P. Sinha.
The Hon'ble Sir Harvey Adamson.
The Hon'ble Major General R. I. Scallon.
The Hon'ble Mr. R. W. Carlyle.
The Hon'ble Mr. L. M. Jacob.
The Hon'ble Mr. B. Robertson.
The Hon'ble Mr. J. S. Meston.
The Hon'ble Mr. J. B. Brunyate.
The Hon'ble Sir H. A. Stuart.
The Hon'ble Mr. S. H. Butler.
The Hon'ble Malik Umar Hyat Khan.
The Hon'ble Mr. M. W. Fenton.
The Hon'ble Mr. F. A. Slacke.
The Hon'ble Mr. J. M. Holms.
The Hon'ble Mr. C. H. Kesteven.
The Hon'ble Mr. C. G. Todhunter.
The Hon'ble Surgeon General C. P. Lukis.
The Hon'ble Mr. H. W. Orange.
The Hon'ble Mr. J. M. Macpherson.
The Hon'ble Mr. J. Andrew.
The Hon'ble Mr. H. O. Quin.
The Hon'ble Mr. F. Rawson.
The Hon'ble Kanwar Sir Ranbir Singh.
The Hon'ble Mr. W. C. Madge.
The Hon'ble Mr. C. W. N. Graham.
The Hon'ble Mr. C. H. Armstrong.
The Hon'ble Mr. F. A. Th. Phillips.
The Hon'ble Mr. F. C. Gates.
The Hon'ble Maung Bah Too.
The Hon'ble Mr. P. C. Lyon.
The Hon'ble Maulvi Syed Shamsul Huda.

Ayes—16. *Noes—41.*

The Hon'ble Mr. C. Stewart-Wilson.
The Hon'ble Mr. F. E. Dempster.
The Hon'ble Lieutenant-General Sir Douglas Haig.
The Hon'ble Sir T. R. Wynne.
The Hon'ble Mr. G. H. B. Kenrick.
The Hon'ble Colonel F. B. Longe.

So the motion was negatived.

The Hon'ble SIR G. FLEETWOOD WILSON moved that the Bill further to amend the Indian Tariff Act, 1894, as now amended, be passed. He said:—"My Lord, I have received Your Lordship's permission to say one word in answer to a representation which has been made to me by the Hon'ble Mr. Graham. He, I must say, has fought the battle for all those interests which, as Chairman of the Chamber of Commerce, fell to his lot to defend, so strongly and at the same time so courteously, that it has made it all the more difficult for me to say no to him. But I am happy to say that we propose to meet the case of the rectified spirits which are used in medicines and drugs. We propose to meet the case by asking the Local Governments to give respectable chemists the rectified spirits which they require on the present tariff duty of Rs. 7. I think this will be a reasonable settlement of a small matter, but one which undoubtedly is of considerable importance from the standpoint of medicine."

The Hon'ble MR. GRAHAM said:—"My Lord, as one of the Select Committee who has signed the report that we have been considering in connection with this Bill today, I would just like to make one or two remarks in my position as representing the Bengal Chamber of Commerce of Calcutta. I think that though there is a great diversity of opinion over these duties, yet there is a very great volume of opinion in favour of the principles of them, and so far as Calcutta is concerned I should not like to miss this opportunity of saying so. I think there has been a great feeling of sympathy for the people who have been especially hard hit as regards the stuff in bond and transit, but from what we have been told by the Hon'ble the Finance Member there is evidently no help for it, and although our sympathy still remains, personally I feel that his answer is complete and we have nothing more to say in reply to it. That is with regard to the three items tobacco, spirits and silver.

"With reference to spirits the Hon'ble the Finance Member has just made a statement which relieves me from making any further remarks upon the duty on spirits used by chemists here in the manufacture of drugs, that is, drugs manufactured in India, about which I had intended to ask a question.

"As regards the duty on kerosine oil, I understand it is absolutely impossible even to take into consideration anything in the shape of excise-duty on Burma oil at the present time, but I take it that this is not the final statement on the matter and it is still possible for it to come up in future budgets, and I put it forward for further consideration in the future, seeing that the trade has gone on for so long a time with what you may call a one anna per gallon protective duty, and seeing that the Budget purports to be a revenue one, and not protective, any enhancement therefore of that duty might very well have been divided between the two. The trade is practically divided between imported oil and Burma oil in equal proportions and a quarter anna on each might fairly have met the case, but of course one understands this is impossible under the conditions existing at the moment, without very full investigation. With these few remarks I beg to support the Bill."

The motion was put and agreed to.

The Council adjourned to Saturday, the 5th March 1910.

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

CALCUTTA

The 17th March, 1910.

The Council met at Government House on Saturday, the 5th March 1910.

PRESENT.

The Hon'ble SIR HARVEY ADAMSON, KT., K.C.S.I., *Vice-President, presiding*, and 54 Members, of whom 51 were Additional Members.

DISCUSSION OF THE FINANCIAL STATEMENT.

The Hon'ble SIR GUY FLEETWOOD WILSON said:—"Sir Harvey Adamson, the Council will now proceed with the first stage of the discussion on the Financial Statement. I have no further explanations to offer regarding the Statement because any change in my estimate of stamp revenue which may be required in consequence of the alterations in the rates of stamp-duty originally proposed will obviously require a little time and consideration and readjustment in account and they will be embodied—I propose to embody them—in the budget when it is presented to the Council on the 23rd of this month. I think that will probably meet with the approval of the Hon'ble Members. The subjects which are open to discussion today, as you are aware, deal with the new taxation, the proposed loan and the additional grants which we mean to give to the Local Governments. The new taxation was very fully and very ably discussed yesterday and has now become law; so I suppose we shall not return to it. The proposed loan for this year is only Rs. 1½ crores, and my Hon'ble friend Mr. Gokhale has a resolution on the table proposing to raise it to 187 lakhs. The additional grants to Local Governments, I may mention for the convenience of the Council, are enumerated in paragraph 9 of the explanatory memorandum attached to the Financial Statement. I do not think that there are any other remarks which I am called upon to make with regard to the present stage of the discussion."

The Hon'ble MR. GOKHALE moved the following Resolution:—

"This Council recommends that the amount of loan to be raised during the year 1910-1911 should be £1,245,900 instead of £1,000,000, and that the sum of £245,900, which is the estimated surplus for the current year, should be allotted to the several Provincial Governments to be expended by them in assisting local bodies to carry out projects of sanitary improvement."

He said:—"I must first explain to the Council what my object is in moving this resolution. It is true that the resolution comes before the Council in the shape of a proposal to raise the amount of the loan that the Government want for next year. As a matter of fact, however, it is not an essential part of my proposal at all that the loan should be raised from 1 to 1¼ millions. Whether the loan for next year is 1 or 2 millions or half a million is a matter of indifference to me; but I have had to put my motion in this form, because I do not want to disturb the provision made in the budget for capital expenditure and I do not want to disturb the cash balances that the Government expect to have for next year, after making this provision for capital expenditure. My real object is to secure the surplus of the year for expenditure in the promotion of sanitation throughout the country. What usually happens under the procedure adopted in connection with a surplus is this. The surplus forms part of the cash balances, and out of the cash balances a certain amount is devoted to capital expenditure, whenever this is practicable, and thus the surplus ultimately finds its way into capital expenditure. I want to withdraw the surplus for next year from being expended as capital expenditure, and I would like to have it placed at the disposal of Local Governments in order that they might use it in assisting local bodies, especially municipalities, in carrying out projects of sanitary improvement. The whole of my resolution comes to this, that I want this Council to recommend that all surpluses that are annually realised, whenever they are realised, should, instead of going into the cash balances, and from there going to the construction of Railways and indirectly to the redemption of unproductive debt, should be placed at the disposal of Provincial Governments and be ear-marked to assist municipalities in the promotion of sanitation. I have urged this question again and again on the attention of the Council for the past six years. I first raised it in 1904, and I have continued to press it year by year. Two years ago the then Finance Member, Sir Edward Baker, gave us about 30 lakhs to be expended on sanitation by municipalities. That was a small response to the appeal that I made year after year, but, with that exception, my appeals have had no effect. Starting with the year 1898-1899, we find that we have had during the ten

years ten consecutive surpluses amounting to 25 millions sterling or 37½ crores. And the bulk of them have under our system of accounts gone first to Railway construction and from there to the reduction of our unproductive debt. Now Railway construction is a most desirable object and so is also the reduction of the unproductive debt. Ordinarily there would be nothing to be said against it, but at present, when there are objects far more pressing and far more important which require money, I do not think the Government is justified in devoting such a large sum out of surplus revenues in the way they have done. If this sum of £25 millions sterling or 37½ crores of rupees, or at any rate the bulk of it, had been devoted to sanitary projects throughout the country, what a difference it would have made in every direction! I do not think I need say much about the needs of sanitation; the ravages of plague, malaria and other diseases in all directions and a death-rate already high and yet steadily rising—for 1907-1908 it was 37 per thousand as against 35 per thousand in the three previous years—all that shows that one of the greatest needs of the country today is improved sanitation. How is the need to be satisfied? Our Municipalities are admittedly very poor, their resources are small and they are already insufficient for their ordinary work. Sanitary projects are very costly; expenditure on them has to be on a Western scale, whereas it has to be carried out in Eastern cities which as I have already said are very poor. If Municipalities are left to themselves to undertake sanitary works, the case is a hopeless one; therefore Government must come to the rescue of the Municipalities. The only way in which Government can do so is either by voting a large permanent annual grant or by placing their surpluses at the disposal of Provincial Governments for assistance to local bodies in carrying out these necessary works. As regards a large permanent grant, I should be very glad to see it, but I foresee obvious difficulties in the way, especially in a year like this, when the Finance Minister has just carried through Bills imposing extra taxation; it is therefore hopeless to expect that Government will make a permanent addition to its recurring expenditure for the purpose of assisting Municipalities in regard to sanitation. But there is an easier way of helping them and it is far more effective, and it is a way that will meet the requirements of the situation. What I propose is this. Whenever a surplus is realised, instead of its being devoted to Railway construction or some such object, it should be placed automatically at the disposal of Local Governments. A surplus is so much excess revenue taken from the people by the Government over and above its requirements. Even the Finance Department, that knows so much more than its critics, cannot calculate to a nicety how much money is required and how much will be raised in a given year. But when a surplus is realised it is clear that the financial authorities have taken from the people more money than was required. Let this excess therefore go back to the people in the form of expenditure on improved sanitation. I think this is an eminently just plea, and I think that it is also a plea whose force should be recognised in the interests of the masses of the people. I know what was often urged by the late Finance Member, Sir Edward Baker, that it is the practice in other countries to devote surpluses to the reduction of debt. That is true, but I would remind the Council of what Sir Herbert Risley said when carrying through his Press Bill the other day. He said:—Let India be guided by her own lights: she has her own problems and must solve them in her own way. Where the debts are huge as in England and other European countries, every opportunity should be taken to reduce the debt by means of a Sinking Fund or in any other way that is practicable. In India the unproductive debt is a mere bagatelle; it is a paltry sum of 40 millions—it should be remembered in this connection that it is only the unproductive debt that matters. The reduction of the productive debt is not a matter of any importance, and should not be undertaken by Government out of the revenues of the country. The unproductive debt has got to be reduced, but as it is only about 40 millions its reduction is not a matter of such immediate or paramount importance as the promotion of sanitation throughout the country. Sir, I have not much more to say. I would only urge this in conclusion, that if the whole of this surplus cannot be made available, I am quite willing to agree to half the surplus being placed at the disposal of Provincial Governments. All that I insist on is that a surplus should not be absorbed by Government in the way it does at present."

The Hon'ble MR. DADABHOY said:—"My Lord, I wish to associate myself entirely with what has fallen from our colleague the Hon'ble Mr. Gokhale. I think he has done admirable service to the country by moving the resolution, and bringing the matter to the notice of this Council. It is a matter on which we

are more or less agreed. I have studied the discussions and proceedings of this Council for years together, and I know this much, that on various occasions absolute sympathy has been expressed by responsible officers as regards the inability of Government to appropriate a larger sum as a grant on sanitation. Local Governments have also on various occasions claimed larger grants for these matters, as they have been absolutely handicapped in the past. The proposal made by Mr. Gokhale will relieve Local Governments considerably, and they will be in a position to give larger grants to municipalities. We know that almost all the municipalities everywhere are in a state of financial depression, and that if this proposal is carried and the surpluses are placed at the disposal of Local Governments, a great deal of the tension will be removed, and Local Governments will be placed in a more favourable position. I trust that this Council will give its support to this proposal. It is only right in principle that as the country pays all the taxes, when there is a surplus that surplus should go for distribution among the Provincial Governments for the benefit of the people, and that it should not be given for the benefit of one particular Department like the Railways. This principle of the resolution will, I trust, meet with the universal acceptance of this Council."

The Hon'ble MR. MUDHOLKAR said:—"My Lord, I had no intention in the beginning of interposing in this debate. It is only because our province has not got a Provincial Council of its own and that its requirements are not known that I find it necessary to bring forward our special grievance in this matter of sanitation. It is unnecessary to say much about the necessity which has arisen of incurring expenditure requiring the spending of large sums of money on important sanitary measures. The Malaria Conference which met at Simla in October last made recommendations which require vast outlays of money in the provinces affected. The Plague Commission which assembled some years ago made various recommendations which also require vast sums. We have our own experience to show every year the necessity of undertaking sanitation on a much more effective scale than it has been possible till now. We have almost every year in our province a very severe outbreak of the plague. In a town with a population of 35,000 in one visitation in 3 months about 3,500 people fell victims to it, and on the occasion of another visitation about 2,400 people died. Akola is now in the midst of a bad outbreak of the epidemic, and at Nagpur we had a few months a most severe outbreak in which the death-rate was almost unheard of in that city. This state of things the sanitary authorities tell us is due to insanitary conditions. For remedying it money is wanted. Local bodies are asked to provide funds. How are they to do so? They have many of them hardly resources sufficient to meet the needs of ordinary times, much less are they able to spend lakhs for the purpose of supplying fresh drinking water and for other purposes, such as drains which every decent town must have. In Berar there are two important centres of trade in which for years past it has been found impossible to introduce an urgently needed effective drainage scheme, because there is no money for it. It is not that this province does not contribute its fair share; it gives over a crore and one-third to the country, and when a few lakhs are wanted for the most necessary local works it is said that there is no money available. I submit on behalf of my province that we have contributed more than our fair share to the general expenditure of the country. We are now sorely hit by these epidemics. Could not the general revenues come to our aid at such a time as this? That is the ground of our application. If the general revenues are not sufficient to meet this claim of ours, there are other sources, and if a loan is necessary, then I submit, on behalf of my province, the Central Provinces and Berar and others, that it should be raised to supply funds for the purposes of sanitation."

The Hon'ble MR. MESTON said:—"The Hon'ble Mr. Gokhale has disarmed criticism on the precise form which his resolution has taken. As it stands on the notice paper, the resolution suggests that we should increase the debt of India in order to provide funds for sanitation. In itself most of us would regard this as a somewhat questionable proposition; but I quite understand that the Hon'ble Member had to throw his resolution into this particular form in order to bring it within the rules for this stage of the discussion. I hardly think therefore that Government need read his precise recommendation too literally. It may be regarded—what the speech of the Hon'ble Member clearly shows that

he intends it to be regarded—as a proposition expressing the view that ascertained surpluses in the Imperial Budget should be devoted to beneficial and non-recurring expenditure. That is the view which the Hon'ble Member, with all the weight of his eloquence and experience, has impressed upon this Council in no less than five consecutive Budget Debates, and he urges it again today upon a new audience.

"It has always been regarded in modern public finance as a fundamental principle that any actual surplus of revenue over expenditure should be devoted to the redemption of public debt. What actually happens with the revenue surplus of India, when there is one, is that it is thrown into the general cash balances of the country; and as the Hon'ble Finance Member explained very fully a week ago, it is from these cash balances, fed as they are from many other sources, that the capital expenditure of our railways and irrigation projects is drawn. It is therefore true, though in an indirect sense, that our revenue surplus reduces the amount of our indebtedness. That is to say, it saves us from borrowing an equivalent amount, and to that extent keeps down the growth of our debt. Moreover, inasmuch as we spend on productive capital outlay in ordinary years considerably more than we borrow, the effect is that we always reduce our non-productive debt by the amount of our revenue surplus. That of course is simple enough. It simply means a short cut in our accounts. Instead of using our revenue surplus to pay off non-productive debt and borrowing to the full extent for productive works, we borrow the net amount which we require and treat our revenue surplus as enabling us to make a corresponding transfer from non-productive to productive debt. Now the Hon'ble Member considers that this is unnecessary. He thinks that the amount of our non-productive debt is so small that we might very well leave it alone and borrow more freely for productive purposes. I trust the Council will not accept this view. We already borrow as much as we think that we can with safety and without lowering the credit of our public securities. One of the main reasons why the credit of our public securities stands so high is the knowledge that our non-productive debt is being gradually and steadfastly diminished and that we allow no considerations of expediency to interfere with the steady automatic operation of this well recognised form of national sinking fund. I very much dread that an appreciable change would come over our credit in the markets of the world if we left the paths of financial rectitude to dally in the pleasant arbours into which the Hon'ble Member invites us.

"If in times of peace and prosperity we did not employ all our spare resources to check the growth of our ordinary debt, there is grave reason to fear that our indebtedness would ultimately become heavier than the country can bear. I would ask the Council to look at what happened during the disastrous year 1908-1909, when we were laden with a deficit of nearly $3\frac{3}{4}$ millions. In that year we clearly were unable to employ any of our revenue in discharging debt; on the contrary we had to raise temporary loans and increase our non-productive ordinary debt to that extent. With the small surpluses for which we are now budgeting it may be several years before it is possible again to reduce our ordinary debt to the figure at which it stood at the beginning of 1908. In a country like ours, which is unhappily subject to periodical failures of the rainfall, it is both prudent and necessary that our savings in prosperous years should be used to avoid or cancel borrowings in years of scarcity. Incidentally also it cannot have escaped the Hon'ble Mr. Gokhale's notice that the large surpluses which we have been able in recent years to use for the reduction of debt have represented in the main the net profits from our railways; and there is a certain fitness, which I am sure the Hon'ble gentleman will recognise, in employing for the building up of our magnificent railway property some part of the surplus income which it yields us.

"I have attempted to meet the Hon'ble Member's resolution on broad lines, and I do not propose to examine too critically the minor questions which the resolution opens up. It would be hardly possible however for Government to accept without much consideration the principle of increased grants to local bodies. The precise object to which he would devote our surpluses is an altogether laudable one; but the improvement of sanitation is one of the first duties of local bodies, and it is a duty which it is incumbent upon them to carry out, so far as possible, from their own resources. The Hon'ble gentleman has still to

make it clear that local bodies are at the end of their resources, and that, if they have a genuine desire for sanitary reform, they have spent their last available rupee on that object. I would remind the Council that since 1908-09 the Government of India have been giving to the various provinces a total grant of 30 lakhs a year in aid of sanitary improvement, and it is believed that a substantial share of that subsidy has been passed on to municipalities and local boards. We have not made any inquisitorial examination of the use to which these funds have been put; that would be opposed to the general principles which we observe in making such subsidies. But from the figures in provincial budgets we have considerable doubt whether some of the provinces have yet been able to spend the grants they have already got. Would it be reasonable to offer them more? Would it be reasonable to offer them doles, the continuance of which we could not guarantee? Is it not rather their duty and the duty of the local bodies concerned to complete their programme of sanitation, to estimate its cost with care, to devote their energies to finding the necessary revenue and to make themselves independent, so far as possible, of fortuitous assistance from Imperial funds?"

The Hon'ble MR. SLACKE said:—"Regarding sanitary improvements, the Government of India made an allotment of 4½ lakhs yearly for that purpose in Bengal, and the principle followed by the Local Government is to give one-third of the cost for each improvement if the local bodies will find the other two-thirds out of their own resources and the gifts of private individuals. During the part year, I was put on to a Committee by His Honour the Lieutenant-Governor for the purpose of endeavouring to get municipalities to come forward to enable us to spend this 4½ lakhs: but after a great deal of work we were unable to allocate those funds. It therefore does not seem to be necessary to increase the grant which is now given to us by the Government of India, at any rate for the present."

The Hon'ble MR. N. SUBBA RAO said:—"Sir, I have listened with much interest to the remarks that have fallen from the Hon'ble Mr. Meston. He points out that it is the duty of local bodies to find the necessary revenues to meet their wants, and that they should be independent of help from the Government. He questions whether the requirements of local bodies are such as could not be met from their own resources and whether there is any pressing necessity for help from outside. As one intimately acquainted with local self-government in the province of Madras, I submit that the problem which now faces local self-government, or rather municipal administration, is how to make it popular and how to meet its multifarious needs as well; that is the problem now facing the municipal administration, I may say, not only in Madras, but also in other provinces. The taxation provided for in the Act is limited, and almost all municipalities have reached the maximum limit of taxation. Their needs are growing day by day: there are questions connected with water-supply and drainage, the overcrowding of houses, the widening of streets, and the like. Numerous are the demands which municipalities are unable to meet. This is the burning question bound up with the success of local self-government in this country—how to make municipal administration both popular and efficient. Lord Morley as well as the Decentralization Commission has stated that real local self-government should begin in this country and municipal bodies should have a free hand in administering their own affairs. How can municipalities administer their affairs freely and in a way acceptable to the people, unless they have sufficient funds placed at their disposal to meet their pressing requirements? It is indeed a problem of making bricks without straw. One reason why municipal administration is somewhat unpopular is because there is no corresponding benefit from the taxation imposed on the people, as the taxes paid go only a little way, and the return therefrom is not appreciably felt. Analogies from the West have, I submit, no application to a poor country like India. I submit, therefore, to the Council that it is the duty of the Government to take this question into its serious consideration and arrange to place funds at the disposal of local bodies, either by giving a portion of the surplus to Provincial Governments, or by placing additional sources of revenue at the disposal of local bodies. Unless this question is grappled with and satisfactorily solved, I submit that it is not wise to devote the surplus to the reduction of the unproductive debt as pointed out by the Hon'ble Mr. Gokhale; but if their needs are satisfied, by all means use the

surplus for the reduction of the debt : but so long as they are not satisfied and local bodies are not made to, carry on their administrations as going concerns, I submit that it is not wise to divert the surplus in the manner proposed. Unless, therefore, this question is solved, local self-government would become a burden instead of a blessing to the people, and the first duty of the Council is to consider this question and solve it in the way suggested by the Hon'ble Mover or in any other way that will best meet the present situation."

The Hon'ble MR. MADGE said:—"Sir, I should be very sorry to oppose any measure of sanitary reform. The difficulty that this resolution presents to my mind is just this. The Hon'ble the Mover has omitted to suggest any particular method of distribution by which any surpluses should be made over to the various provinces in this country. In the course of the discussions to which we had listened with great interest yesterday, a thought was thrown out that some kind of equity was involved in returning to particular provinces some proportionate portions of the contributions that they had made to the general revenues. Now if that principle were carried out in this particular matter, I am very much afraid that the places which stood most in need of sanitation would have the smallest return. I think, perhaps, that a better direction in which to press this enquiry would be to turn to the proposal that was made by the Government either last year or the year before to extend the principle of the Provincial Loans Act. In one of the societies to which I belong I saw a project mooted somewhat to that effect, and I think that would be the direction in which we should move in this matter by enquiring what has been done with reference to the proposal to pass laws by which local loans should be raised by local bodies. I think that if that question was fairly considered we might see our way of escape from this difficulty."

The Hon'ble MR. MAZHARUL HAQUE said:—"I should like to say a few words on this question. We have heard the Hon'ble Mr. Slacke say that the Government of Bengal could not spend its grant because it had laid down the condition that unless municipalities were ready to find two-thirds of the grant it would not give the remaining one-third. Sir, I think the principle laid down by the Government of Bengal is entirely wrong. It clearly shows that the municipalities of Bengal are very poor, so much so that all the municipalities taken together in Bengal could not scrape together 9 lakhs in order to secure this grant. If the Government of Bengal had not laid down any rule at all and if it had given this grant of 4½ lakhs without any conditions, then I submit the Hon'ble Mr. Slacke would not have been here to say that he could not spend the grant. There is not the least doubt that the country is in great need of sanitation. We see plague, malaria and all sorts of diseases spreading, and I think, Sir, that the time has come when the Government should help these municipalities and I would add district boards as well to improve the sanitation of the country."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA said:—"I rise, Sir, to support the resolution which has been moved by the Hon'ble Mr. Gokhale. I have listened, I must say, with a degree of pain to the criticisms that have been offered against the resolution. I thought, Sir, that this was a subject which would elicit the most unstinted sympathy and support from every Member of the Government, and I am both sorry and surprised to find that it is not likely to receive that support. I regret to think that the question of sanitation in this country has not received that measure of attention which it deserves from the Government, and I hope that the Council will recommend that it should receive more attention by adopting the resolution before us. It has been urged that the course suggested by the Hon'ble Mr. Gokhale is an exceptional course: that the orthodox procedure, the path of financial rectitude, as happily put by the Hon'ble Mr. Meston, has been to appropriate surpluses to the reduction of debt. There is no doubt that the course suggested by the Hon'ble Mr. Gokhale is an exceptional course. I quite admit it, but I submit that the conditions which make it necessary for him to adopt that course, and for other Members of this Council to support it, are exceptional also. If in the ordinary course of affairs in the administration of the finances of India, sanitation had received that measure of attention and that proportional share of the revenues of the country which it undoubtedly demands, such a resolution as is before us would not have been necessary. But it has unfortunately not received it, and the sanitary conditions which prevail at this moment in the country loudly call for a larger

allotment of the Imperial revenues for the purposes of sanitation. If that allotment were made out of the ordinary revenues of India for the year, none would be happier than my friend Mr. Gokhale: indeed everybody would be glad of it. But if that cannot be done, I think it is the duty of the Council and of the Government to find means, even by recourse to increased borrowing, to promote public health and sanitation rather than allow people to die premature preventible deaths. If it were necersary, I would go even so far as to support fresh taxation for such a purpose. I feel strongly that it is the duty of the Government to find moremoney to improve the sanitary conditions under which the great bulk of the people live, in order that preventible deaths may be avoided.

"Now, Sir, I wish to draw attention to a few facts relating to the sanitary condition of the country as a whole and of my province in particular. In the whole of India, as my friend Mr. Gokhale has already pointed out, the death-rate stood at over 37 per thousand in 1907; the death-rate in England was 16 per thousand. Sixteen and 37! That makes a tremendous difference; and I submit that if the death-rate cannot be brought to the standard prevailing in England—Sir John Hewett said a little time ago that it was out of the question to expect that the death-rate here should be the same as that in England—there is absolutely no reason why the death-rate in India should not be brought to the level of the death-rate which prevails in jails in India.

"So far as the condition of the country at large is concerned, ever since plague broke out in 1896 over 60 lakhs of people have fallen victims to that fell disease. What is the reason for it? When presenting the Indian Budget in the House of Commons in 1907, Lord Morley, speaking on this question, said:—'It is a curious thing that, while there appears to be no immunity from this frightful scourge for the natives, Europeans enjoy almost entire immunity from the disease. That is difficult to understand or to explain.' I venture to offer an explanation, and that is this, that Europeans live in well-ventilated houses situated in well-drained areas, where the soil and air are not allowed to be too much polluted, and Indians generally live under conditions the reverse of these. Where Indians live under conditions similar to those under which Europeans live, they enjoy a great deal of the same inmunity which Europeans enjoy. This has been clearly demonstrated at Allahabad. Allahabad is one of the healthiest cities in this country. Until plague broke out in it a few years ago, it enjoyed a reputation for being one of the healthiest cities. When plague broke out in a portion of the city where we had the largest number of houses crowded in a small area,—the native portion of the city,—a large number of deaths from plague began to occur every week, every day; but during those very days, at a distance of only two furlongs from the city, in what is called the civil station, residents were absolutely immune. It was not Europeans alone or Indians who were permanent residents there, but also Indians who had removed by reason of the plague from the native city to the civil station who enjoyed this immunity. What did we do? The Municipal Board started health camps outside the crowded areas; at one time as many as three thousand people were accommodated in those health camps, and not one single man who found shelter in those health camps for three years was attacked by plague. Now the reason of it was simple. We had an abundance of sunshine and pure air in the health camps, the conservancy arrangements were good, and the soil and air were kept pretty pure. It showed clearly that it is not the personal surroundings so much as the condition of the dwelling house and the soil which gives rise to this disease. In support of this view, I may quote the opinion of a very high authority, who says:—'Medical authorities also lay down that the study of epidemic and endemic diseases generally has brought to light an array of facts which strongly suggests that an intimate association exists between the soil and the appearance and propagation of certain diseases.' Now, Sir, this convinced us that to combat plague successfully it was necessary to reduce over-crowding, to open congested areas to pure air and sun, and to improve the conservancy arrangements and the drainage of our towns and villages; and we pressed this matter upon the attention of the Government of our provinces in order that there should be suitably larger grants given to improve sanitary conditions which would make the havoc of plague less than it had been. But the Government of our provinces could not help us because the Government of India did not allow it to appropriate a

sufficient portion of the revenues of the provinces for the purpose. And yet it is not of plague alone that we have to complain. The death-rate has risen very high in the United Provinces. The deaths from fever have also risen. In 1902 we had 1,196,102 deaths from fever. In the year 1906 we had 1,317,491 deaths from fever. We have also been more exposed to cholera. We had in the year 1902 25,160 deaths from cholera and in the year 1906 149,549 deaths from cholera. Then again infantile mortality has been running high. We lost one child out of every four in the United Provinces during 1902-1906. There has been an excess of deaths over births. Twenty-five districts showed an excess of deaths. In 1906 30 municipalities in 20 districts showed an excess of deaths over births. Such is the condition of the United Provinces! The death-rate in England is 16 per thousand, the death-rate for the whole of India in the year 1907 was 37·18; in the United Provinces it was 43·46! I hope, Sir, what I have said is enough to satisfy the Council that the needs of sanitation in the United Provinces alone require a much larger allotment for sanitation.

"Then we are confronted with the question—is the Imperial Government to make grants to help municipalities to do more, or is it the duty of the municipalities to meet the expenditure needed for sanitary improvements themselves? The Hon'ble Mr. Meston has said that it is the first duty of the municipal boards to improve sanitation. I quite agree: he has also said that it is their duty to meet that expenditure from their own resources. In this I join issue with my friend. Nor do I agree in the view that speaking generally the Provincial Governments are in a position to provide for the needs of sanitation from Provincial assignments. What are the resources of the Provincial Governments? The provincial settlements that have been made leave them very inadequate sums to meet the requirements of sanitation and education. I will speak of my own provinces only. During the last 12 years and more members of the Provincial Council and representatives of the United Provinces in this Council have repeatedly been urging upon the Government the reasonableness, the justice, of giving to the United Provinces larger grants than they have been receiving during that period. We contribute the largest share of land revenue and it is but right that we should get a proportionately larger share for provincial expenditure But we do not get even half the amount of the land revenue which is the share allotted to other provinces. The result is that our Provincial Government is not able to do its duty in the matter of giving grants and making allotments to municipal and district boards. It may be said that it is the duty of the municipal boards to find all the money for sanitation. That cannot be a correct view of the situation. In England I find that municipal institutions receive 21 per cent. of their revenues from the Imperial Exchequer. In this country—in my province—the Government contribute only 5 per cent. of the revenues. I submit that unless the Government of India makes larger grants to Provincial Governments, and unless Provincial Governments make larger grants to municipal and district boards, especially for the purposes of sanitation, the crying needs of the country in the matter of sanitation will not be fulfilled.

'It is not in one direction, but almost in every possible direction where the needs of sanitation are concerned, that more money is wanted. We want a better system of drainage almost all over the province. In Allahabad, Lucknow and Cawnpore the death-rate would not have been as heavy as it has been but for this want. Lucknow requires 13 lakhs more to complete its system of drainage. In Lucknow taxation in the last two decades has almost doubled itself from 15 annas per head to Rs. 1-10 per head, and Lucknow is unable to complete its system of drainage unless it gets a grant of 13 lakhs. Allahabad also wants 18 lakhs for its drainage scheme. From 1889 we have raised taxation as much as we could until we have reached a point where we cannot raise it any further. And yet at this moment we see absolutely no hope of carrying out a scheme of drainage in Allahabad and thereby saving thousands of people from dying preventible deaths, unless the Imperial Government and the Provincial Government would give us a large grant for this purpose. So also Benares and Cawnpore require help. Besides drainage we have to improve the water-supply in many places. It has been my duty to travel generally from one end of the province to the other, I have visited a large number of municipalities, and I can

say without exaggeration that there is not a single municipality in the United Provinces that does not stand in need of more money for sanitation. I believe, Sir, that such is the general condition in many other provinces also, but I will not trespass upon the time of the Council by advocating the cause of other provinces, because I expect that the gentlemen from those provinces will, if they think it to be necessary, represent the cause of their own provinces. I hope that the few facts which I have laid before the Council justify the resolution, and point to the justice of the Government accepting it.

"The Council will remember, Sir, that His Majesty the King-Emperor was pleased two years ago to send out a gracious message of earnest and sincere sympathy with the vast millions of his subjects in this country who had suffered from plague. His Excellency the Viceroy, also speaking in this very Council two years ago, was pleased to express his great sympathy with those who had lost their relations or suffered otherwise from plague. I gratefully acknowledge the measures that have already been adopted to combat plague and improve sanitation. I do not forget the 30 lakhs a year which have been granted towards that purpose: but I submit that that sum is absolutely inadequate to meet the requirements of sanitation all over the country, and I earnestly plead for greater appreciation of those requirements. We find that the position at present is this, that we have got a system of administration, highly organized so far as the army is concerned, and perhaps more than necessarily efficiently organized. Money is almost always found to improve it more and more. We find that the cost of the general administration has been increasing by leaps and bounds. We have got a system of administration in which money is found for every single administrative want that the administration urges upon the Finance Member from year to year. It may be that a proposal is held in abeyance in one year, but money is found for it in the second year. But for extending education, for the purposes of sanitation, which directly affect the weal and woe of the millions of this country who contribute each in their own humble ways to the Imperial Exchequer, the Government is not able to find sufficient funds. This is truly a sad state of things; and, it is sad to find that nothing more than 30 lakhs should be found for sanitation for a country inhabited by 300 millions of people. I submit that the resolution is one which the Government ought to accept, and I do hope it will be pleased to accept it and earn the gratitude of the people by carrying it out at an early date."

The Hon'ble BABU BHUPENDRA NATH BASU said:—"Having regard to what has fallen from my friend, the Hon'ble Mr. Slacke, I think it my duty to offer a few observations on the resolution before the House. It is true that the municipalities of Bengal were unable in some cases to provide the requisite amount which was laid down as a condition by the Government of Bengal for contributions from Government funds, which, as my friend says, amounted to 4½ lakhs for the whole Province of Bengal. Sir, my province unfortunately has a bad pre-eminence in malaria. We come from the lower valley of the Ganges, where malaria has made its home and hundreds of thousands of our people have died without any effectual assistance being possible to be rendered to them. The rest who survive drag on a very miserable existence. Fifty or sixty years ago the peasantry of Lower Bengal had altogether a different physique from what they possess at the present day, and it is imperatively necessary, in order to prevent the utter waste of life that goes on in our midst—the absolute waste of life, of energy and of health—that something should be done. The question, Sir, is—Has the Government done all that it could? I say the question goes further. Instead of doing all that it could do, has it done a substantial part of what it should have done? I need not go into the figures which have been placed before this Council by my friend the Hon'ble Pandit Madan Mohan Malaviya; but the death-rate in India is something of which we cannot be proud; it is something for which, I may say, we ought to be sincerely sorry, if not ashamed. I had appealed to my own Government to take up an area as an experimental area and to see how the suggestions of modern scientists, if put into practice, would mitigate the ravages of malaria. That experiment was impossible for want of funds. My friend says that the municipalities have not responded. He knows much better than I do how the limited resources of our municipalities and district boards hamper them. In the first place they are all in small and disbanded areas. In the next place they raise a revenue after a great deal of trouble and a great deal of hardship, and these measures

of sanitation are not measures which should be or ought to be confined to a small area, but measures which will have to be taken over a large tract of country. In my province the silting up of rivers is a great problem—a problem with which no municipality or district board can ever deal. These are subjects which do not lie within the purview of municipalities. That a good deal may be done with judicious expenditure is a thing which need not be urged before this Council. Thirty or forty years ago, when people from our villages came to Calcutta, there used to be set up a wail and lamentation lest the venturesome sojourner into the capital of British India might not return alive to his native village. There is no doubt that at that time those villages were much healthier than Calcutta was with its festering tanks, its filthy roads and unwholesome surroundings. But the last thirty or forty years have made a tremendous difference, and Calcutta today is the healthiest place in Bengal, including what was once the sanitarium of Bengal, *viz.*, the province of Behar, and therefore, say, that even if that grant of 4½ lakhs which our province has liberally placed at the disposal of the municipalities could be availed of, it would do practically next to nothing to mitigate the ravages of malaria from which we in Bengal suffer most.

"Then, Sir, plague also, especially in Behar, has levied a very heavy toll. With all these we are unable to cope, and what makes our position all the more onerous, what makes it all the sadder, is that we feel that if there was a helping hand put forward, all these deaths that we see, by which often the bread-winners are taken away early in life, might have been prevented. If the conditions of our village life were known, and a little more money came to our villages to ameliorate that condition, with its filthy tanks, its bad roads, its absolute want of drainage—if those needs could be attended to—I have no doubt—and I am absolutely sure that my friend the Hon'ble Finance Minister will himself admit this—that a very large number of deaths could have been prevented; and what have we done towards this end? Sir, the whole medical expenditure of India amounts to a crore and seventy lakhs of rupees. I believe in that is included the whole cost of the medical service and various hospitals and other public institutions maintained throughout the country. That these hospitals do a great deal of good, nobody denies—I fully recognise and appreciate the good done by them. But they are only one phase of the relief that is wanted. What is wanted is prevention, and, so far as preventive measures are concerned, nothing has been done.

"My friend the Hon'ble Mr. Slacke speaks of 4½ lakhs. Ten times 4½ lakhs would hardly meet the requirements of Bengal in any particular year. It is not possible for the municipalities to undertake these works of sanitation. They have to look after their own wants which are very great indeed in small towns and villages; but great experiments and large measures of reform are impossible to carry out.

"I shall not attempt to meet the arguments of the Hon'ble Mr. Meston when he says that surpluses which are mostly derived from actual revenue ought to go to the building up and construction of railways. Though we do meet the charges in connection with railways, we must not forget that this railway revenue is contributed by the peasantry and the masses of India amongst whom these preventible deaths work the greatest havoc. What do we do for them? I fully appreciate the desire of the Government to help them. We have seen experts brought out from Home in times of emergency for the purpose of inoculation. We have also seen, while hundreds and thousands are dying in the plains, Commissions sitting on the hills to devise measures for the prevention of these deaths. We have not seen money flowing from the Treasury for the alleviation of all this suffering, for the prevention of all these deaths, and we do want to see this. We do want to see the sympathy of the Government translated into action; we do want to see that funds should be made available to make our village homes healthier, to make the lives of our peasantry more bearable. I am quite sure that this is an appeal which must affect the consideration of this question, and if these surpluses, as my friend the Hon'ble Mr. Gokhale has so elaborately and clearly established, need not go to reduce the public debt,—and they need not go to reduce those debts which are productive,—then no better method can be found for their utilisation than the prevention of suffering and the mitigation of the death roll in the country."

The Hon'ble SURGEON GENERAL LUKIS said :—" Sir, I did not intend speaking today, but I think it is necessary that I should say a few words with reference to what has fallen from the Hon'ble Pundit Madan Mohan Malaviya and the Hon'ble Babu Bhupendra Nath Basu on the subject of plague. It is very obvious that they are labouring under a wrong impression as to what is really the cause of this fell disease. The Hon'ble Pandit Madan Mohan Malaviya said that the immunity of Europeans which was so marked in Allahabad was undoubtedly due to the fact that they lived under better sanitary conditions than did the Indians in the native city. Well, Sir, if there is one thing that has been clearly proved in the course of the last thirteen years it is this, that plague has nothing whatever to do with soil ; it has nothing whatever to do with general insanitary conditions ; and there can be no doubt from our experience of these epidemics that enormous sums of money have been spent on so-called sanitary measures without their having the least effect in checking this disease.

" Recent observations have shown that the cause of plague is a very simple one. It is primarily a disease of rats, and the means of communication between rats and men is undoubtedly the rat flea. Now the history of epidemic plague as it occurs amongst human beings is this. Plague occurs amongst rats in a house and, as every one knows, so soon as rats begin to die they at once migrate from the infected spots. The rats then having been attacked by plague migrate from the house, but they leave behind them their nests and in their nests they leave a large number of rat fleas. The rat flea ordinarily will not bite human beings, but when it becomes hungry, it thinks a human being is better than nothing : it comes out and bites human beings and they become attacked by plague.

" Now, Sir, that has been pretty clearly proved by the whole history of plague as it affects human beings. You will see therefore that the whole question of the prevention of plague is not one of expenditure of large sums of money upon sanitation ; it is one of domestic hygiene. The way to prevent plague is by teaching the public that they should not allow collections of rubbish about their houses behind which rats can build their nests. They should be taught not to throw about in the vicinity of their houses remnants of food and things of that kind, and in fact every precaution should be taken to prevent the rat from becoming a domestic animal The rat is not a domestic animal in the houses of Europeans, but it is a domestic animal in the houses of a large number of Indians. I submit therefore that what is wanted is to educate the Indians up to this particular point. If that could be done it would be far preferable to spending large sums of money on sanitary improvements which, as is shown by experience, have had no appreciable effect in checking this disease. I wish it to be clearly understood that my remarks apply merely to this one disease. I do not advocate the stopping of sanitary measures generally, I only wish to point out to Indian members that it is no fault of the Indian Government that plague has spread in the way it has."

The Hon'ble MR. GOKHALE said :—" Mr. Vice-President, I would like to say a few words by way of reply to the observations that have fallen from some of the members before the Hon'ble the Finance Minister has the final word in regard to this resolution so far as this year is concerned. I will first take up what the Hon'ble Mr. Madge said on this subject. Mr. Madge's difficulty is that I have proposed no principle on which the surpluses might be distributed by the Imperial Government among the Provincial Governments if my resolution is accepted. Well, the answer to that is simple. The Government of India would have entire discretion in the matter just as they always have whenever they are distributing extra grants among Local Governments. Two years ago, when His Honour Sir Edward Baker placed 30 lakhs at the disposal of the Local Governments, he used his discretion in allotting the grants to the Provincial Governments. The same will happen if my resolution is carried.

" As regards what the Hon'ble Mr. Slacke said, that only in a way confirms my principal complaint. Of this 30 lakhs that the Government of India then gave to Provincial Governments, Bengal got 4½ lakhs and I suppose the Bengal Government wanted to distribute this sum among the different municipalities, giving a small sum here, a small sum there, and a small sum to a third municipality, and they wanted the municipalities to provide double that amount probably

out of their own current resources in order to carry out some works of improvement. Now I entirely object to this. What we need is large sanitary projects in important cities. But large sanitary projects cost plenty of money. In Poona, for instance, we have been wanting drainage for a long time very badly. The estimates given by different engineers have been 45 lakhs, 22 lakhs, and 16 lakhs the lowest, and so on. A single municipality, therefore, if it is to be effectively assisted, would absorb more than your 4½ lakhs, but that would be a far more effective way of applying such grants."

The Hon'ble MR. SLACKE:—"That is exactly what was done."

The Hon'ble MR. GOKHALE:—"But 4½ lakhs cannot go any great length in a big town where you want (say) 25 lakhs. But that is not the whole of my contention. I hold that even this one-third and two-thirds distribution of expenditure is beyond the powers of our municipalities. I have already pointed out that our municipalities are very poor. What are the sources of their income, what is the property which they can tax? House property they tax, but in most towns it is extremely poor property. They have a road-cess, a conservancy cess, and one or two other cesses, and they probably have an octroi duty. What more is there in an ordinary city to tax so that a municipality can derive any income? In Poona, for instance, where I had the honour to be at the head of the municipality for five years, we were practically bankrupt all the time I was there. It was a time of plague, and every pie we could spare was used in connection with plague operations. The roads had to be neglected and the schools were cut down.

"Well I think that if these sanitary projects are to be carried out the Government must contribute much more than this one-third. In some cases Government may have to find the entire amount if these works are to be undertaken. This is a situation which must be understood clearly. The Government constructs railways. Suppose some of the railways had been left to private enterprise in this country, where would our railways have been today? Suppose large trunk roads had been left to District Boards, where would trunk roads have been today?

"I do not think it will do for Government to say that this is a matter which concerns municipalities alone, and they must find the bulk of the money. Government may as well say that they do not care whether there is improved sanitation or not in the country. Another point I would like to submit in this connection is that the present distribution of resources between Government, Imperial and Provincial on one side, and the local bodies on the other, is absolutely unfair to local bodies. If local bodies had sources of revenue placed at their disposal which could bring in some considerable revenue, then I could understand the Government throwing the responsibility of constructing sanitary works on these local bodies, but in the struggle that they have to carry on to merely maintain themselves, it is almost cruel to expect these municipalities to find money for these vast undertakings.

"I will now come to what the Hon'ble Mr. Meston said in reply to my resolution. The Hon'ble Mr. Meston's attitude is the old orthodox attitude of the Finance Department towards this question. I cannot hope to succeed where so great and powerful a member of the Government as our late Commander-in-Chief, Lord Kitchener, failed, because I understand that he often and very vigorously maintained the view which I have urged on this Council year after year. However I mean to persevere. There were certain things which the Hon'ble Mr. Meston said which, if he will pardon my saying so, appeared to me to be somewhat curious. For instance, he said that if my resolution was accepted the unproductive debt of the country would be increased, and then the credit of the Government of which I have spoken would be affected. I do not know how the debt of the Government is going to increase if my resolution is accepted. I do not propose you should borrow if you wish to help municipalities. Your unproductive debt is only about 40 millions today. Surely if you do not borrow more, I cannot see how it is going to increase. It could not, of course, diminish unless you devoted a portion of your surplus towards a further reduction, but certainly it could not increase. It is true you may have to borrow during famine times. That is another question; that has a history of its own, and you have to go back thirty years to understand that history. When the big famine of 1876-1878 occurred in this country, the Government estimated that on

an average in about ten years from 10 to 15 crores were needed for actual famine relief and for avoiding the loss which occurred to Government in connection with revenue and so forth; and they therefore in the year 1879, when Sir John Strachey was Finance Minister, imposed extra taxation to provide this fifteen crores in ten years' time—the amount that they expected to be lost by the State by direct famine losses and losses in connection with revenue. That taxation is part of the general taxes of the country. It has been added to since then; it has not been taken away and so there you will find the provision for preventing the growth of debt owing to famines. There is the standing provision out of the revenues of the country of half a million, in this year's budget you will find there is this provision of a million sterling a year, half of which is ordinarily devoted to the reduction of debt in order that, when famine times come, the Government should if necessary be able to borrow and yet the debt may not be increased. Then the Hon'ble Member stated that the surpluses of which I have spoken had come from the earnings of railways—they were profits from railways. Now I have not got the exact figures before me and I am speaking only from memory, but I am sure the Hon'ble Member is wrong. The profits from railways have not come to 25 millions in the last ten years or even half that amount. I think the highest profit from railways was in 1906-07—the last but one year of Sir Edward Baker's tenure as Finance Minister—and it was then I think 2⅓ millions. The next year it was 1½ millions or thereabouts. The total profits from railways during the last few years when railways have been paying have not, I think, been more than 7 or 8 millions altogether; in any case, I am quite confident they have never been anywhere near 25 millions. Moreover, if you are going to point your finger to the profits from railways, I would ask you to remember that railways have cost us, ever since they were first built, I think 53 or 54 crores, not less, during the time that railways were a losing concern and not a paying concern. Therefore, if you are making any small profits now, those profits, I venture to say, should go to repay the country for the losses that the country had to bear on account of railways out of current revenues for 40 to 50 years.

"The last thing is about the duty of local bodies. I say, Sir, that if this is the view that the Government are going to take, that sanitation is the business of local bodies and that they must help themselves as well as they can, all I can say is that this is not a view which should commend itself to this Council. The Government has introduced higher standards of administration in this country and it behoves Government to see that in sanitation also things which can be done only with substantial assistance from Government are done rather than left undone. There are two policies, so to say, before us. On the one side you have more and more expenditure on the Army, a top-heavy civil administration, and greater and greater expenditure on railways. That is one direction. The other direction is more education, more sanitation, money for the relief of agricultural indebtedness, and similar objects concerning the moral and material well-being of the masses. Hitherto the first policy has been on the whole predominant. When I say that I do not mean that the second has been neglected altogether. I do not mean that at all. But there is no doubt that far more money has been and is being spent on the first, whereas the second has been and is being comparatively starved; and I urge that the relative claims of the two on the resources of the country should now be reversed."

The Hon'ble MALIK UMAR HYAT KHAN said:—"I came first with the intention of speaking that loan should not be taken if we could do something else, because yesterday all the Members were suggesting that something should be done in the way of taxation. Now I also wanted to ask today that if, instead of taking this loan, any taxation was done, it would be useful, but now we find it cannot be done. About this loan I was thinking everything is not sanitation. There are certain villages which were first built in bad places; nothing could be done for them; people did not know what sanitation was, or what drainage was, and they went and settled at low places, and all the water goes there and there is no way of its coming out. I want to propose, if anything is done, that more money should be given for medicines, and more dispensaries should be opened in places in which nothing else could be done, but now as a loan cannot be taken, and also no other tax could be imposed, so there is no other way. Then I want to turn to another question on which I have found necessary that an Indian member

should speak, and that is that in the speeches today it has been said that there is a great necessity and people are dying. Perhaps people outside would think that it is Government who are doing all this; that is not the case. I have seen in my own country where plague has been, that we have fought with the Government; we won't let Government interfere. When the plague is in one village, we leave that and go into another village, from there into another village, so what could be done if people won't stop doing that? Then again as———"

The Hon'ble Mr. JINNAH:—"Sir, may I rise to a point of order. Is the Hon'ble Member entitled to take part in the debate after the mover of the resolution has replied? Under the rules, I submit, the Hon'ble Member is not entitled to speak after the mover has replied."

THE VICE-PRESIDENT:—"As a matter of fact I did not on this occasion call on the mover to reply. I think, therefore, that the Hon'ble Member is in order."

The Hon'ble MALIK UMAR HYAT KHAN then continued as follows:—"Then about certain places, we all want irrigation; we want the prosperity of the country; more things cannot exist at the same time. Then we want prosperity and railways and canals at the same time. Of course we cannot stop that malaria should not come. We must sacrifice a few men rather than starve all the country. There are certain diseases of course which it is impossible to check and there are certain localities for which nothing can be done. We are ourselves to blame and not the Government, so the first thing is we ought to do something ourselves. We could easily clean our places and do something towards it, but that we won't do. Then if we won't do anything, who else can help us? With these few remarks, which I think are quite sufficient, I may sit down."

The Hon'ble SIR GUY FLEETWOOD WILSON said:—"I will endeavour to take up as little time as possible but not to pass over the remarks any one contributed to this discussion. Taking the last speaker first, I should say I think there is a good deal in his contention that the difficulties of combating many of these diseases to which allusion has been made are increased by the attitude, not only in this country, but in all countries, though specially in this country perhaps, of the people towards sanitary measures which are new to them, and in regard to which they do not naturally feel very great sympathy.

"I come to my Hon'ble friend, Babu Bhupendra Nath Basu. I think that he has opened up a vista of additional taxation in consequence of enormously increased expenditure suggested which will render it essential for me to take very careful note of the many suggestions which were offered in respect of new taxes in lieu of those which I had proposed and to which exception has been taken. I would say a word in regard to that speech and to that of my Hon'ble friend behind me. I think a great deal of the subject-matter was really more suited to a discussion in the Provincial Council in regard to the relation between the Municipality and the Provincial Government, than perhaps in this Council.

"The point raised by the Hon'ble Mr. Madge is one of gravity. I can conceive nothing more terrible than the task which would devolve upon whomsoever it would devolve than the distribution of these funds. We had yesterday abundant evidence of the readiness with which Bombay would tax Calcutta, and the equal readiness with which every other place would tax Bombay, and so on; and I think when it came to distributing this money we should find ourselves in a position of the very gravest difficulty and be likely not to please anybody. But coming to the more important feature of the question—there is one point I would like to mention in passing; it is that the Hon'ble Pandit Malaviya reproached us, and I am sorry he did so, with lack of sympathy. I had intended to preface my remarks by saying that I felt very great sympathy for the views advanced by my Hon'ble friend Mr. Gokhale, but I hardly like to do it, because yesterday I was met as I left this Council by some one who said 'Your blessed sympathy has cost us a new tax every twenty minutes,' and so I thought perhaps I would do better to leave that out; but I can assure him—and I think he can hardly need assurance—that we do view sanitation and everything connected with sanitation with the greatest sympathy, and I hope that will disarm criticism in regard to the attitude of Government.

"I now come to the point which is an important one. The impression left on the minds of anybody who listened to this discussion is likely to

be that the Government have contributed nothing at all to sanitation, except the 30 lakhs allotted for that purpose. I must point out that the Provincial Governments, who receive very large grants from Imperial Revenue, have spent a very great deal of money in sanitation quite irrespective of these 30 lakhs, and I think, though I have not got the figures, it would be found that the sums spent on specific projects such as drainage and water-supply and so forth represent a very very large sum. I think it would be perfectly unfair, manifestly unfair, and it would be a misleading argument to state that our opposition to this particular resolution is equivalent to a refusal by Government to find money, for instance, to meet the plague. I am not going to enter into the lists with the two gentlemen who held opposite views in regard to the cause of the plague, but I think I must say it is rather hard to connect my resistance to this resolution with a refusal to find money for sanitary objects. The medical and sanitary expenditure in provinces is a Provincial and not an Imperial charge, and from the settlements we have given the provinces allow liberally for such charges. To carry the argument a stage further I might state that municipalities have received large sums from Government for sanitary schemes, for water, for drainage, and so forth, as I have indicated, and that of course indirectly must improve the condition of the people and render them less likely to be subject to epidemics. I am afraid I must say quite frankly that I cannot accept the view that has been advanced by the Hon'ble Mr. Gokhale that there is no particular—I may be perhaps unfortunate in the way I interpret his remarks—that there is no particular necessity for paying off our debt. I do think it is very important, whether the debt be large or small, that we should always keep very prominently before us the necessity for contributing to the reduction of that debt. The question of dealing with sanitation from the standpoint of expending more money on it is one which I think could be dealt with without adopting the proposal of my Hon'ble friend. I think probably he himself will recognise—personally I recognise at any rate—the great objection to doles. I think that the system of doles first by its irregularity is a bad financial method of conveying money, and secondly, there is the danger of making local bodies dependent on them, and I think even of pauperising them; and I think a great object which we should all have in view, and keep in view in this country, is to make everything rather less dependent—in fact I was almost tempted to say, very much less dependent—on the Imperial Government than it is. We have adopted a system of dry-nursing everything, and I think our effort should be to get away from it rather than to increase it. What I can say, and I am afraid it will not be very satisfactory to my Hon'ble friend, but it is all I can say, is that as time goes on, if the prosperity of the country and the consequent increase in revenue becomes decided, it will, I think, be the desire, and I almost think the intention, of Government to increase that grant of 30 lakhs, and so meet some of the criticisms which have been passed upon the smallness of the sum which is at present devoted to sanitation. I cannot accept the resolution."

The Council divided:—

Ayes—15.

The Hon'ble Pandit Madan Mohan Malaviya.
The Hon'ble Mr. Sachchidananda Sinha.
The Hon'ble Babu Bhupendra Nath Basu.
The Hon'ble Mr. Mazharul Haque.
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.
The Hon'ble M. R. Ry. Nyapathy Subba Rao.
The Hon'ble Raja Vairicherla Vairabhadra of Kurupam.

Noes—39.

The Hon'ble Mr. J. O. Miller.
The Hon'ble Sir Guy Fleetwood Wilson.
The Hon'ble Mr. S. P. Sinha.
The Hon'ble Major General R. I. Scallon.
The Hon'ble Mr. R. W. Carlyle.
The Hon'ble Mr. L. M. Jacob.
The Hon'ble Mr. B. Robertson.
The Hon'ble Mr. J. S. Meston.
The Hon'ble Mr. J. B. Brunyate.
The Hon'ble Sir. H. A. Stuart.
The Hon'ble Mr. S. H. Butler.
The Hon'ble Malik Umar Hyat Khan

Ayes—15.

The Hon'ble Mr. G. K. Gokhale.
The Hon'ble Rao Bahadur R. N. Mudholkar.
The Hon'ble Mr. M. B. Dadabhoy.
The Hon'ble Mr. G. M. Chitnavis.
The Hon'ble Raja P. N. Ray of Dighapatia.
The Hon'ble Mr. Mahomed Ali Jinnah.
The Hon'ble Mir Allah Bakhsh Khan.
The Hon'ble Sir Vithaldas D. Thackersey.

Noes—39.

The Hon'ble Zulfikar Ali Khan.
The Hon'ble Mr. M. W. Fenton.
The Honble Mr. F. A. Slacke.
The Hon'ble Maharajadhiraja Bahadu of Burdwan.
The Hon'ble Mr. J. M. Holms.
The Hon'ble Mr. C. H. Kesteven.
The Hon'ble Mr. C. G. Todhunter.
The Hon'ble Surgeon General C. P. Lukis.
The Hon'ble Mr. H. W. Orange.
The Hon'ble Mr. J. M. Macpherson.
The Hon'ble Mr. J. Andrew.
The Hon'ble Mr. H. O. Quin.
The Hon'ble Mr. F. Rawson.
The Hon'ble Kanwar Sir Ranbir Singh.
The Hon'ble Mr. W. C. Madge.
The Hon'ble Mr. C. W. N. Graham.
The Hon'ble Mr. C. H. Armstrong.
The Hon'ble Sir Sassoon David.
The Hon'ble Mr. F. A. Th. Phillips.
The Hon'ble Mr. F. C. Gates.
The Hon'ble Maung Bah Too.
The Hon'ble Mr. P. C. Lyon.
The Hon'ble Mr. C. Stewart-Wilson.
The Hon'ble Mr. F. E. Dempster.
The Hon'ble Sir T. R. Wynne.
The Hon'ble Mr. G. H. B. Kenrick.
The Hon'ble Colonel F. B. Longe.

So the resolution was rejected.

The Hon'ble RAJA OF KURUPAM moved the following resolution :—" That this Council recommends to the Governor General in Council that the Proprietary Village Service Cess in the Madras Presidency be abolished either by enhancing the additional grants allowed to this Presidency or otherwise." He said :—" I beg to move this Resolution with a very few observations of mine as the facts thereto are already in the possession of the Government.

"(1) All similar cesses in other parts of India have been abolished

" (2) The cultivators in the raiyatwari area are free from it.

" (3) The cess is a clear infringement of the terms of the Permanent Settlement.

" (4) Both the Government of Madras and the Government of India have expressed their desire in distinct terms to abolish the cess. The former Government has thrice supported the memorials of the Madras Landholders' Association, praying for its abolition.

" (5) As Finance Member of the Government of India, Sir Edward Baker was pleased to admit more than once that the cess should be done away with as soon as possible.

" (6) The Government of India in its letter No. 112-Financial, dated 15th February 1907, to the Madras Government, declared that, in view of the recent policy of the Government as regards the abolition of the various cesses levied on land, supplementary to the land revenue 'the Government of India consider that it should be inconsistent to maintain the Zamindari Village Service Cess where it is already levied and to continue to impose it by degrees in fresh areas'.

" (7) On the 30th October 1908, the Madras Landholders' Association received the following communication from the Government of India in repiy to their memorial : 'The wishes of the memorialists will receive full consideration of the Government of India if and when the financial position again admits of a further remission of local taxation'.

"(8) Last year, in reply to a third memorial from the same Association, the Government of India expressed its regret 'that the general financial position makes it impossible for them to meet with the wishes of the memorialists at present.'

"(9) For further particulars I would refer the Budget Committee to the last memorial of the Madras Landholders' Association to the Government of India.

"Lastly, I beg, in view of the assurance of the Government of India in 1908 that the matter would 'receive the full consideration of the Government of India if and when the financial position again admits of a further remission of local taxation', and also having regard to the present position of Indian finance that the Budget Committee be pleased to lend its weight to this measure of justice by recommending that this cess be abolished without further delay, either by enhancing the additional grants allowed to the Presidency of Madras or in any other way the Government of India deems fit."

The Hon'ble MR. N. SUBBA RAO said—"I beg to support the resolution moved by the Hon'ble Raja of Kurupam for the abolition of the proprietary estates village service cess. No doubt the Government has been pleased to say that the question would be considered and relief granted when its financial position would admit of further remission of local taxation. I submit that the real issue in the case has not received sufficient attention. Should this tax find a place in the budget? Is it right and proper to continue to levy this cess?

"I may point out that this is the only real cess levied in the whole of India, as all the other cesses were done away with some years ago. I believe there is a cess called the Village Officers' Cess in Sind, but it is not really a cess at all, but 'merely a portion of the land revenue assessment which is ear-marked for the payment of village officers.' So far as the Madras proprietary estates village cess is concerned, it is a real cess supplemental to the land revenue. The policy of the Government, as explained some years ago by the Hon'ble Sir Edward Baker, the then Finance Member, is that 'no local cess should be imposed on the land supplemental to the land revenue proper, except such as are levied by or on behalf of local authorities for expenditure by them on genuinely local objects. In other words, it shall not form an asset of Imperial or Provincial Revenues'.

"As matters stand at present in Madras, the village officers in Madras proprietary estates have practically become adjuncts of the Government as part of the general administration. They no longer occupy the position which they once enjoyed in the rural economy of proprietary estates. Besides, there is no corresponding cess on the proprietary estates in Bengal, and the proposed legislation to that effect was vetoed by the Secretary of State in 1885. I submit that the Madras proprietary estates village cess is levied as an asset of Provincial Revenue and it is indefensible altogether. Further this cess was only introduced under Madras Act II of 1894, and as the operation of the Act is extended to different proprietary estates, it is being imposed during the last few years and different estates are being brought within its purview. It is anomalous and unfair that while the cess has been taken off from the raiyatwari tracts in the Madras Presidency, it should be imposed upon the adjacent proprietary estates. It is invidious that while the raiyat in one village has not to pay this cess, his neighbour in the next village which may happen to be a proprietary village should be burdened with it. The injustice of the thing becomes so patent to the raiyat, who does not care for the difficulties of the Finance Member, that he cannot understand how a Government can act so unjustly and so harshly.

"I submit that financial considerations ought not to stand in the way of this cess being taken off at once. The fact that the total amount of the cess is not yet fully and definitely ascertained is no ground either. The aggregate amount is not yet become part of the Provincial or Imperial budget, and therefore that cannot form any consideration for the cess not being removed from the budget. On the other hand, that circumstance ought to go in favour of its being abolished altogether. After all it cannot be more than one-fourth of the cess taken off already from the raiyatwari tracts, for the proprietary estates form nearly one-fifth of the Madras Presidency. I submit that once it is indefensible in principle and unjust in its application, it ought not to find a place in the budget. More so, when it is

being imposed at present on different estates in the Madras Presidency. I trust that the Hon'ble Finance Minister could see his way to omit this item from the budget and remove this unjust anomaly in the method of taxation."

The Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR said:—"Sir, four years ago when the raiyatwari village service cess in the Madras Presidency was abolished, the Hon'ble Sir Edward Baker stated that the proprietary village-service cess could not be abolished because of 'certain practical difficulties that have arisen by reason of the establishments employed in the proprietary tracts of Madras being in a transitional state.' When taking part in the Budget debate subsequently I said:—'I recognise with special gratitude that the largest surrender of revenue occurs in the Presidency which I have the honour to represent, and that the raiyatwari village service cess in the Madras Presidency has been abolished. At the same time I regret that it has not been found possible to abolish the cess levied in Madras in 'proprietary' or permanently settled estates, as the difficulty mentioned by the Finance Member is not of a permanent nature, and since it is admitted to be a real cess, I submit that it may be abolished, on principle, as early as it is found practicable.'

"Now, Sir, as a period of four years has elapsed, I think the difficulties that were in the way of Government have now been removed, and I therefore beg to support this resolution."

The Hon'ble SIR GUY FLEETWOOD WILSON said:—"Sir Harvey Adamson, I frankly confess that this is not a subject with which I was at all conversant till it devolved upon me to endeavour to make myself acquainted with the situation.

"The resolution which the Hon'ble Raja has proposed in such a reasonable and temperate manner is in virtual accord with the representations which have been made by the Madras Landholders' Association with considerable regularity during the last two or three years. The position regarding the particular cess to which my Hon'ble friend—if he will allow me to call him so—refers is a somewhat curious one, and perhaps I may be permitted to indicate the history of it. There were two cesses for the payment of village servants in Madras, one in force in raiyatwari estates, the other in proprietary estates. The former was abolished in 1906, and Government, as far as I am able to ascertain, had every intention of abolishing the latter simultaneously. This, however, it was unable to do owing to the fact that the proprietary cess was not actually levied at the time except in a few districts. The procedure of imposing the cess in proprietary estates is a gradual and somewhat complicated one, the important point being that the cess does not become effective in any estate until the *inams* of the village servants in that particular property have been resumed. This process of resumption (or enfranchisement, as the Madras authorities style it) is carried on by a special revenue establishment in one district after another; and it is expected that eight or nine years will elapse before the Act which imposes the cess has been brought into operation throughout the whole Presidency. In 1906 therefore there was practically nothing to abolish, and we entered into communication with the Madras Government as to the most convenient means of giving effect to our intention of remitting the cess as it accrued.

"In the interval our position entirely changed, inasmuch as the state of our general finances deteriorated so seriously that we were unable to complete our programme of lightening the burden of cesses on the land I am dealing of course to a great extent with what took place before I had anything to do with it.

"The Hon'ble Raja proposes that we should take up the question again, and my Hon'ble friend who spoke last said that he had no doubt that I would be disposed to repeat my argument that when the finances of the country improved I would show every consideration to the views he advanced. Well, I propose to give a new argument, and that is that, having imposed fresh taxation yesterday, it would be worse than inconsistent if we were to accept a proposal for the reduction of taxation today, and in any case I must point out that the narrow margin on which we are working makes it impossible for the moment to contemplate concessions of the nature to which this resolution refers.

"But I will say this, however. I do not know whether it will satisfy my Hon'ble friend, but I trust it will, and that is that the Government of India have

decided that as soon as the financial position again admits of a further remission of local taxes the Secretary of State will be asked to concur in the discontinuance of this proprietary village service cess. It stands at the head of the very short list of local cesses which still remain and which we hope to abolish. I really think that in the present circumstances this is the only answer which I can give to the Hon'ble Member, and I am afraid that I could not reasonably be expected to say more."

The resolution was withdrawn.

ADJOURNMENT OF COUNCIL.

The Hon'ble THE VICE-PRESIDENT said:—"As the Council are aware, the second stage of the financial discussion was to have commenced on Monday, the 7th. Several Hon'ble Members have represented that owing to the great amount of time that was taken up by legislation in the first stage, they have not had time to prepare resolutions or to give notice of them. So far as I am aware, notice of only one resolution has been received and all others are time-barred on account of the rule that requires two clear days' notice before the first stage of the discussion in which a resolution is to be proposed. In order to meet the convenience of Hon'ble Members, His Excellency the Viceroy has given sanction to the following arrangements:—

Notice of resolutions will be received today.

Discussion on the second stage will take place on Wednesday, the 9th, and will be confined to that day."

The Council adjourned to Wednesday, the 9th instant.

J. M. MACPHERSON,

Secretary to the Government of India,
Legislative Department.

CALCUTTA;
The 18th March 1910.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO 1909 (24 & 25 VICT., C. 67, 55 & 56 VICT., C. 14, AND 9 EDW. VII, C. 4).

The Council met at Government House on Wednesday, the 9th March 1910.

PRESENT:

The Hon'ble SIR HARVEY ADAMSON, K.C.S.I., KT., *Vice-President, presiding*, and 57 Members, of whom 52 were Additional Members.

The Hon'ble SIR GUY FLEETWOOD WILSON said:—"Sir Harvey Adamson, it had been my intention to offer a few remarks in regard to the main heads which come within my province. I have got a few remarks ready, but I have thought it would be best not to offer any for three reasons, which I hope the Council will consider good and sufficient.

"The first is that I really think I have trespassed on your time sufficiently. The second is—and it is an important consideration—that practically all the important heads which belong to me, so to speak, were fully discussed in my opening statement on the 25th February on the budget. The third reason is that as we have arranged to shorten the discussion by two days, if I take up time with what would practically be a repetition of my remarks made on the 25th, I should be cutting short the remarks of Hon'ble Members who have resolutions and naturally wish to discuss them; so I do not propose to offer any observations."

FAMINE RELIEF.

The Hon'ble MR. GOKHALE said:—"Sir, my resolution reads as follows:—

'That this Council recommends that the annual allotment which for next year is half a million sterling under Famine Relief and Insurance to Reduction or Avoidance of Debt should now be abolished.'

"I would like at the outset to make a slight alteration in the wording of the resolution. I would say 'that this Council recommends that the annual allotment, which for the next year is half a million sterling under Famine Relief and Insurance to Reduction or Avoidance of Debt, should now be abolished.'

"I make this alteration because though in ordinary times when there is no expenditure on Famine Relief one might expect this allotment to be half a million—in practice it has not always been half a million: therefore in order to be strictly accurate I should like to alter the wording as proposed.

"The Council no doubt is aware that there is a head of expenditure in our accounts known as Famine Relief and Insurance. The total charge under this head is one million sterling and is divided into three sub-heads. One is actual famine relief; the second is expenditure out of revenue on protective works, being both railway and irrigation, but now for all practical purposes irrigation; and third the sum allotted for the reduction or avoidance of debt. I understand there is a limit as regards protective works, not more than half being devoted to protective works. Therefore when there is no actual expenditure on famine relief, the other half goes, or can go, to reduction or avoidance of debt.

"Now, Sir, I want to invite the attention of Council briefly to the history of this Famine Insurance Grant, and I shall state it in as few words as possible.

"This grant, or fund as it was called at the beginning, was created thirty years ago on account of very serious expenditure which Government at that time had to incur in connection with the relief of two famines. The Government of Lord Lytton in 1878-79 found that the Government of India had to spend about 17 crores of rupees in connection with the famine in Bengal and the North-Western Provinces in 1874 and the bigger famine which ravaged the Western and Southern Presidencies later on from 1876 to the beginning of 1878. The total expenditure in connection with famine relief and loss of revenue in the years was about sixteen or seventeen crores, and the Government decided that they should

levy extra taxation in order to provide in the course of ten years a sum of 15 crores of rupees. It was calculated that ordinarily two famines might be expected in ten years, and a sum of one million sterling under the three heads which I have just mentioned was provided and earmarked for famine purposes. Immediately afterwards a question arose as to how this money was to be disposed of. In 1879 a Parliamentary Committee was appointed, presided over by Lord George Hamilton, to enquire into the question of public works, and this Committee laid down how the Famine Insurance Fund should then be spent. I think perhaps the best way in which I could state to the Council the objects of that Famine Insurance Grant would be to quote an extract from the report of that Parliamentary Committee. This was what Lord George Hamilton and his colleagues said: 'During the financial years 1877-78-79 additional taxation was imposed in India in order to establish an annual Famine Insurance Fund of a crore and a half (in the currency of that time a million and a half). That amount was fixed with reference to famine expenditure which during the last six years amounted to the enormous sum, exclusive of the loss of revenue, of 14 crores of rupees and of which a large proportion had been met by borrowing. The object of this Famine Insurance Fund was, by increasing the revenue, to avoid constant additions to the debt of India which the prevention of periodical famines would entail by either applying that increase of income to works likely to avert famine and thus obviate famine expenditure, or by reducing annually the debt contracted for famine, so that if famine expenditure should again become inevitable the reduction of debt made in years of prosperity would compensate for the liabilities incurred during scarcity. This increase of taxation was sanctioned by the Secretary of State in Council on this understanding.'

"The understanding therefore was that the grant was to be devoted first to preventing additions to the debt of the country, and secondly, for promoting protective works which would mitigate the rigours of famine. Now the history of this fund or grant is a somewhat chequered one. Immediately after it was instituted, owing to financial difficulties connected with the Afghan War, the fund had to be diverted to other purposes. During the five years of Lord Ripon's Viceroyalty the fund was spent on the purposes for which it was instituted, but again in Lord Dufferin's time there was a diversion.

"There was then very considerable criticism in the House of Commons, and ultimately the Government restored this Famine Insurance Fund, but during Sir James Westland's time it was never fully a crore and a half for several years but only one crore, and he justified that reduction by saying that there was an improvement in the condition of the country and in the capacity of the people to resist famine.

"However, in Lord Curzon's time the full crore and a half was restored.

"This period of thirty years during which the famine grant has been devoted to the purposes mentioned may roughly be divided into two equal parts from 1881 to 1895-1896 and from 1895 up to the present time. The first period was practically free from famine. There were no doubt scarcities here and there and even small famines, but there was nothing serious, and I therefore omit the whole of that period as not being altogether too favourable for the purposes of my argument.

"Taking the second period—1895 up to the present time—there were two of the greatest famines of the century which ravaged the greater part of the country, besides two or three smaller famines. Therefore it could not be said that this period was free from famine conditions, and yet what do we find? The unproductive debt of the country, which alone has to be taken into consideration in connection with this matter, was 70 millions at the beginning of this period. At the close of this period that debt was only 40 millions. Therefore this unproductive debt or ordinary debt, instead of being added to, was actually reduced from 70 millions to 40 millions. Out of this the portion of the Famine Relief Grant devoted to reduction comes to $4\frac{1}{2}$ millions or $4\frac{1}{4}$ millions. The rest was due to the surpluses having been devoted to railway construction and through that to reduction of debt. My point therefore now is, if in the absence of this grant the unproductive debt had had to be added to, then this expenditure out of revenue in reducing the debt would have been justified and this sum would have been properly devoted according to the original intention to preventing additions to the debt of the

country. But as the debt was largely reduced independently of the grant, I think it was unnecessary that this grant of 4½ millions should have been devoted further to the reduction of the debt. And I say this sum might have been spent usefully in other directions.

"I want the Council to realise this; that there is a difference between what Lord George Hamilton's Committee laid down as the object of this grant in relation to the debt, and the present practice of Government. It is true that Government devote this to the reduction of debt, but they devote it to the reduction of debt by increasing the amount available for productive purposes and principally railway construction. Therefore this sum taken out of revenue, which is intended to mitigate the rigours of famine and which is also intended to enable the Government to borrow in times of famine, is being ordinarily devoted to increase the resources of Government for capital outlay on railway construction. Now, Sir, I have been contending again and again in the Council that as our railways earn a very fair rate of interest and as the credit of Government is excellent, the Government should confine the outlay on railway construction only to such sums as can be raised in the market out of borrowings; and any sums available out of current revenues should be used for other more pressing objects. I would therefore suggest that this grant of half a million or under should no more be devoted to the reduction of debt because the debt is already very small and I do not think its reduction is of paramount importance. On the other hand, if the same sum was made available for agricultural education, for the organization of rural credit and other measures connected with the material improvement of the peasantry, that would benefit the peasantry far more than the present practice of Government and would enable the peasantry to resist the onslaught of famine better than the course which the Government adopts. I am quite sure the Finance Member will tell us that I am attacking the principle of the Sinking Fund. No doubt I am. I go further and say that in the present state you do not want a Sinking Fund. India must deal with her own problems in her own way, and in India, as I said the other day, the unproductive debt is a mere bagatelle—only 40 millions. Where the unproductive debt is huge, as in England, a Sinking Fund is an absolute necessity: but where it is small and where we want money urgently for other purposes, I think the Sinking Fund is an absurdity. I therefore move that the grant of half a million for next year under Famine Relief and Insurance to reduction or avoidance of debt should now be abolished."

The Hon'ble SIR GUY FLEETWOOD WILSON:—"On the last occasion when the Hon'ble Member moved his resolution we were very far asunder and I was unable to agree with him. On this occasion I had hoped that we should have been more or less in accord in regard to the principle involved, and although we might differ as regards the method proposed I should have thought he would have been the first to see the imperative necessity in this country of putting by for what I may call a non-rainy day, and that the best way of doing that is by keeping your debt as low as possible and paying it off whenever you can.

"The Hon'ble Member's resolution comes to this, that we should divert part of the famine grant to other purposes than those on which it is now employed. My Hon'ble friend has stated the case with his usual ability and fairness, and he has made it unnecessary for me to describe to the Council the whole history of this much debated grant. It has been in force now for thirty years; it has been the subject of much misconception; and at the same time it has been of very great value to India. When it was first started, the unhappy experiences of the great famines of the seventies led the Government of India to the conclusion that it ought in prudence to strengthen its resources by one million sterling as representing, year in and year out, the average amount which it might be called upon to provide against the cost of periodical famines. After some uncertainty as to the most advantageous method of employing these additional resources, the Government came to the following arrangement which has now been in force for a good many years. When there is a famine in India, the whole grant is available for expenditure on its relief; and of course we occasionally have had to spend very much more than one million on this object. But when there is no famine, we regard half the grant as available for expenditure on protective works, that is, canals and railways which serve areas that would otherwise be liable to famine

and thereby render them less helpless against the failure of the rains. But whether there is famine or not, or whether we are able to spend our full half million on protective works or not, the whole grant of one million is invariably charged off in our accounts, any surplus which is not required either for actual relief or for protective works being treated as available for the reduction of debt. In this way and with the help of our revenue surpluses, we have been able to make the very great reduction in our non-productive debt to which the Hon'ble Member has alluded. During the ten years from the 1st April 1900 to the 31st of the current month we expect to have utilised in the reduction of debt altogether 592 lakhs, or roughly 4 millions sterling, which is somewhat less than half a million a year on the average. For the coming year, we happily see no prospect of expenditure on famine relief; we shall be able for the first time to devote a full half million to protective works; and we have thus allotted exactly half a million for avoidance of debt. It is this last amount which the Hon'ble Member would prefer to utilise on other purposes.

"Wholly estimable though those purposes are, I am afraid that I cannot accept the proposal. India is not immune from famine. It is not yet by any means fully protected against famines. It still has a considerable burden of non-productive debt; and there is still the danger that we may be driven, at any of our periodic scarcities, to increase that debt as a direct or indirect effect of the famine upon our revenues. I must accordingly advise the Council that our prudent plan is to continue on the lines of policy which have been laid down and successfully followed for many years; to keep our famine grant intact as a provision available for direct relief when it is necessary, and for the extension of protective works or for the strengthening of our credit in years of prosperity.

"I have made an attempt to work out an estimate of what the position of our famine grant would have been if it had taken the form of a genuine fund. An estimate of this kind used to be incorporated until a few years ago in the annual Financial Statement and I have tried to bring it roughly up to date. The net effect would be that after debiting the hypothetical fund with all the expenditure on protective works which have been incurred since 1878, the balance at the credit of the fund would now be about $3\frac{1}{2}$ millions sterling. Inasmuch as our deficit during a single bad year in 1908-09 was $3\frac{3}{4}$ millions, it can hardly be said that our hypothetical fund would be unnecessarily strong; and of course I would remind the Council that in making up this account I have not debited the fund with any of the grant which we so frequently have to give to Local Governments to compensate them for the indirect results of famine in the depletion of their balances or the starving of their ordinary administrative services.

"On all these grounds therefore I do not think that Government would be well advised to accept the innovation which the Hon'ble Member proposes. I should not be unwilling to see a larger proportion of the famine grant devoted to protective works if the Secretary of State considers such a step advisable; but until there is a still further substantial reduction in our non-productive debt, I should be sorry to see the famine grant diverted from purposes which have either a direct or indirect effect in the relief or prevention of distress. I am afraid I cannot accept the resolution."

The Hon'ble MR. GOKHALE:—"I should like to say just a word by way of reply to what has fallen from the Hon'ble Member. He himself has given us the figures as to how the fund stands from 1878 up to now. After meeting all expenditure under Famine Relief and Insurance there is still to the credit side a sum of $3\frac{1}{2}$ millions. It should be remembered however that Government have had to incur very heavy expenditure during the last 12 years on famine and scarcities, and if after meeting all that expenditure out of that grant a balance remains, surely it follows that the whole of this sum is really not necessary to be set apart as a famine grant. However I really do not wish to pursue the point any further. I think even if Government devoted the whole of this money to protective works it would be preferable to the present practice. Under the existing practice the money does not go to protective works which are needed but to productive works which should be constructed out of capital only. I note that the Hon'ble Member is not unwilling to see a larger portion of the famine grant devoted to protective works, and I shall be glad if he can obtain the Secretary of State's sanction to that course."

The resolution was put and rejected.

REVENUE AND EXPENDITURE.

The Hon'ble MR. MILLER introduced the following heads of the Financial Statement for 1910-11 :—

Revenue.	*Expenditure.*
I. Land Revenue.	3. Land Revenue.
VI. Provincial Rates.	8. Provincial Rates.
IX. Forests.	11. Forests.
XXI. Scientific and other Minor Departments.	26. Scientific and other Minor Departments.
XXIX. } Irrigation.	33. Famine Relief.
XXX. }	35. Protective Works, Irrigation.
XXXI. Civil Works.	42 } Irrigation.
	43 }
	45. Civil Works.
	49. Capital Outlay on Irrigation.

He said :—" Sir, I have had some difficulty in satisfying myself as to the manner in which I could most usefully make the explanations that are expected under our rules of procedure to be made on this occasion. I feel very much inclined to follow the example of my Hon'ble Finance Colleague, and I am not sure that that would not be best ; but, perhaps, it may be as well on this the first occasion on which we have had any experience of the actual working of these rules, that there should be differences of procedure. We shall thus find out what is the most convenient form in which we can put forward those explanations, and we shall understand the class of points on which Hon'ble Members particularly desire information. As far as those points may be taken to be indicated by the resolutions, there are none of them raised on the subjects I propose to deal with myself, but we have an Irrigation resolution, which will be taken up after the Hon'ble Mr. Jacob, to whom I propose to assign the duty, has explained the figures on the subject.

" As regards the first head I have to deal with, I have a few remarks to make rather for the information of the Council than for any other purpose, because I have found on looking through the explanations already given in the Financial Statement, that unless one goes into an altogether unreasonable amount of detail, which I am obliged to say would be profoundly uninteresting to the Council, it would be impossible to add usefully to what is explained in his Statement.

" The head Land Revenue includes not only land revenue proper, with which in certain Provinces some irrigation receipts are consolidated, but also such receipts as collections from Government estates and quit-rents from certain Tributary States. Then there is in Burma the thathameda tax, and in the two Bengals recoveries on account of survey and settlement charges. There are also receipts from fisheries and certain miscellaneous items. We have a tax in Burma. Out of the total budget for 1909-10 practically 30 crores out of a total close on 33 are for ordinary Land Revenue. The Council will also observe that a certain share of Land Revenue is transferred to another head and taken under Irrigation. About 150 to 170 lakhs annually goes to this head. That is partly owing to the fact that in some provinces irrigation and revenue charges are combined, especially in Madras ; while in some other provinces it is held that a question of Land Revenue may fairly be taken to the credit of productive irrigation works. We make a charge for the use of water, but in addition to that charge rents go up for land which can be irrigated, and a certain portion of the revenue is thus due to the application of irrigation, and is credited under that head.

" As regards the Budget figures I find I have nothing to add to what has been said in the paragraphs on the subject in the Financial Statement ; the actuals have been better than the budget estimate owing to a good season. The Central Provinces form an exception to the general rule as collections have not been quite so good as was expected ; they therefore hope to realise rather a large amount next year than is shown in the revised estimates this year.

" We were criticised last year for budgetting for the collection of a large amount of arrears. As a mere matter of estimating, the budget has been more than justified, as the collections owing to good seasons have gone above the estimate. As an administrative matter, however, the answer stands on different grounds. We were, as I read the objections, accused of increasing taxation by

getting in the arrears. It seems hardly reasonable to regard deferment of payment of revenue as an increase of taxation. We do not usually regard a creditor who has been willing to defer payment, as a person who is increasing his demands on us. The Council is aware that the Government has adopted a liberal system of suspending revenue, when seasons are bad. The system is an attempt to go some way towards making the revenue fit the season—a system which some of our critics would like to carry much further by actually realising our revenue as a share of the produce each year. That is a system which is, as a fact, adopted in certain parts of Baluchistan; if we were to attempt to apply it to the more advanced parts of the country, I have no doubt we should hear a good deal about it, and I hardly imagine that it is likely to be supported here.

"On the occasion of any great calamity, it is desirable that there should be no delay in suspending the revenue. The more promptly it is done, the better; but if all revenue so suspended is to be eventually remitted, it is clear that in the interests of the State very careful investigations must be made to ensure that there is no mistake. What would be the result of a policy of remitting all revenue once suspended? Would it not necessarily lead to stricter enquiries and to greater delay in taking remedial action? Supervision should be prompt and then it should be left for more leisurely examination later, when the full effect of the calamity can be appreciated, to decide whether any, and if so what, part of the suspensions should be remitted altogether. And the Council I am sure recognise that in this matter the policy of Government has been exceedingly liberal in recent famines. Revenue has been remitted on a large scale; in some of the famines we have unfortunately had to cope with on quite an unprecedented scale. It is difficult, owing to the different years for which our revenue and financial accounts are made up, to give an exact statement of the effect of the remissions on the figures of each financial year, but I find that the remissions on account of the most recent famine alone were 108 lakhs of rupees, the greater part of which—77 lakhs—was in the United Provinces. Another statement I have had prepared, shows remissions under all heads as being 126 lakhs in 1908-09, and 44 lakhs in 1909-10. These figures show clearly enough that suspensions are turned into remissions with great liberality, when it is thought that any real hardship would be caused by insisting on the payment of arrears.

"There is one point to which I may call the attention of Council. Land revenue does not now occupy quite so important a part of the Bengal system as it once did. In the memorandum recently issued under Lord Morley's orders you will find it stated that in 1856 the land revenue was half of the total public income of the country and that now it is less than a quarter. Land revenue now occupies a distinctly less important place financially than it once did.

"Nor has it quite the same administrative prominence. Other subjects have pushed forward their claim to more attention than formerly—sanitation, education, the development in many ways of the country. But with all this, the Land Revenue Administration must always retain an immense importance. It is inevitable that in the administration of interests touching so nearly the welfare of the great bulk of the inhabitants of the country, and producing so large a share of the State's annual income, there will always be room for criticism and objection and suggestions. There have been many controversies on the subject in the past. But to me it seems that the old controversies are now losing something of their asperity. The Government has gone far to meet many objections taken to some features of the system, and if we are not likely to escape criticism in the future I think we may also count on an increased interest on the part of the Council in the financial side of the revenue question, and I rather look forward to the time when the Council as a whole will be disposed to take a sympathetic attitude towards the ordinary official feeling of gratification when the revenue comes in easily and smoothly and when it shows signs of a healthy, if not a very rapid, increase.

"The expenditure under the land revenue head is almost all provincial. The only important exception is the expenditure on Survey and Settlement in the two provinces of Bengal. The main part of the expenditure is on district administration, which as regards the lower part of the establishment is debited entirely to Land Revenue, though in the case of higher officers one-half of the charges are transferred to the head of Law and Justice.

"The Central Provinces Budget of expenditure which is open to discussion is very much the same as in the previous year. It has increased from Rs. 38,30,000 to Rs. 39,10,000, the increase being due to the reorganisation of the pay and grading of the Commission, to improvement of the land records establishment, and to increase in the settlement staff.

"I come then to the head of Forests, the revenue from which is almost entirely derived from Government forests, but there are some additional receipts from forests which are shared between Government and the owners, and there are some duties on foreign timber and produce which come under this head. The largest contributor is the province of Burma which accounts for one-third of the whole total receipts, which have risen in 10 years from 195 to 215 lakhs. The expenditure is generally about three-fifths of the revenue.

"In the Central Provinces figures the demand for produce and for timber has fallen off and the receipts for the present year are likely to be below the estimate. The expenditure is rather less than was incurred in 1908-09 because in that time of scarcity work had to be provided to help some of the forest tribes. Fortunately that need has now disappeared. The estimates under the heading 'India General' chiefly refer to the Andamans, Baluchistan and the Forest Research Institute at Dehra Dun. The receipts from the Andamans are not shown separately, but I find they come to 2½ lakhs. There has been a great falling off of revenue from those islands in recent years owing to the decline in the demand for Padouk, a timber which used to be much in demand in America for furniture, but I believe the fashion has now changed. The demand will probably however revive and in the future we hope to get a market. There is a decrease also in Coorg owing to there not being the same demand for sandal wood. On the expenditure side Dehra Dun is responsible for the provision of Rs. 2,18,000.

"As in the case of land revenue I trust the Council will take an increasing interest in the development of the great forest property which India possesses. It is really worth their attention, and I was very glad two or three years ago to notice the interest taken on the subject by one of the non-official members. Owing very largely to the foresight of Lord Dalhousie, the State is now in the possession of a very valuable asset in its forests, and much of that wanton and wasteful destruction from which other countries have suffered very seriously has been avoided here. Restrictions on the use of the forests are inevitable if they are to be conserved; it may be that sometimes these restrictions have been imposed too readily or enforced too rigidly, but the more the matter is examined the more it will be admitted that the broad lines of the forest policy in India have been conceived in the best interests of the country. To-day it is chiefly with the financial aspect of the Forest Department that we have to deal; and looking at it only from this point of view I think there can be no doubt that the forests will prove eventually, as private supplies are exhausted, a property of great and ever increasing value. But it is not merely the general direct financial results that we should look to, but the importance—the absolute necessity—of the conservation of forests in the interests of agriculture, of the protection of the catchment areas of the great rivers, of the prevention of floods and erosion, and of the amelioration of climatic conditions. In the management of this great property we are necessarily at present far behind the standard that has been attained on the Continent of Europe; in the extent of the property we no doubt fall short of the great forest tracts in America; but if we take account both of area and of the extent to which scientific management and development have been carried, I doubt if there is anywhere a property that surpasses that which is managed by your Forest Department in this country.

"The only other head I propose to deal with myself is Famine Relief, a head we have too frequently had to refer to with some apprehension. This year the figures are purely satisfactory. In all the provinces except the Punjab which showed a very small excess, the expenditure has been much less than the amount budgetted for last year. For the coming year there is no provision at all, and we may pass from this head with a devout prayer that the results will justify the Budget in this particular.

"I will now ask Mr. Carlyle to deal with one of the heads 'Scientific and other Minor Departments.'"

SCIENTIFIC AND OTHER MINOR DEPARTMENTS.

The Hon'ble MR. CARLYLE :

"As this head includes items dealt with by three Departments—Revenue and Agricultural, Home, and Commerce and Industry—it would perhaps be most convenient to deal with the items relating to this head in the order named.

"The Revenue and Agricultural Department deals with the Survey of India, Meteorological Survey and the Agricultural and Veterinary Departments.

"The expenditure and revenue as shown in the Budget under the head 'Survey of India' are entirely Imperial. The increased expenditure for last year is due to the reorganisation undertaken in consequence of the recommendation of the Survey Committee that a thorough revision of the Topographical Survey of India is necessary. It is proposed to spread the work over about 25 years. The main features of the reorganisation are (1) the substitution for the former Imperial graded service of 40 officers of a new service of 55 officers on a time scale of pay, the average pay per officer remaining practically unchanged; (2) the substitution for the present graded Provincial service of a similar time scale service on improved rates of pay which will be capable of supervising and controlling the work of the Surveyors: at least one-fourth of this service is to consist of Indians; (3) the division of the present subordinate service of Surveyors into (*a*) an upper subordinate service on a time scale of Rs. 80—200 with nine fixed posts on Rs. 250 who will carry out the more difficult survey work, and (*b*) a lower service of the less qualified Surveyors on the present rates of pay of Rs. 100 and less.

"The Meteorological Survey is another Scientific Department of which the revenue and expenditure are Imperial. The large decrease in expenditure compared with the accounts of 1908-09 is due to the reduction in telegram charges which took place during the current year. The work of the Department falls mainly under two heads, 'Reporters' and 'Observatories'. Under the head 'Reporters' are included the salaries of the Director General and of the various Imperial and Provincial Meteorologists, including their establishments, and the very large item of telegram charges on account of the daily weather reports. The charges under the head 'Observatories' include allowances to the numerous observers in minor observatories all over India and in a few places outside India which are important in connection with the forecasts of the Indian weather. It also includes the charges on account of the Madras Astronomical Observatory, the Kadaikanal Solar Physics Observatory and the combined Colaba and Alibagh Observatory.

"Agriculture is mainly provincial. The most striking feature is the very rapid growth in expenditure from 2 lakhs in 1901 to 25 lakhs in 1908-09, and an estimated expenditure of Rs. 31,40,000 in 1910-11. The Department in its present state is so comparatively new—it was not till 1905-06 that the expenditure ran into double figures—that it would be absurd to judge of the probable future benefit to India by present results. But even in this short period, the Department has justified its existence. It has introduced in some provinces improved and remunerative new crops; it has taught in some places better methods of cultivation; it has in several provinces done a great deal to stimulate the introduction of machinery or the use of improved machinery; and it has taught means for preventing the spread of some very serious diseases. Very promising investigations are in progress regarding wheat and cotton, and altogether the outlook for the future is most encouraging. The full benefit of the Department will not accrue till the Provincial Colleges have been working for some time and Pusa has been able to train students from these Colleges so as to be capable of independent research work and the efficient supervision of agricultural work in the Provinces.

"So far as the Imperial budget is concerned, the main heads of expenditure are the Inspector General of Agriculture's budget which includes provision for the Imperial Cotton Specialist and for the publication of the Agricultural Journal of India, Agricultural Memoirs and the Pusa Bulletins. Expenditure under Inspector General of Agriculture's budget proper amounts to Rs. 1,26,200. The other main head is the Pusa budget which comes to Rs. 3,16,540.

"The next item I would notice is the expenditure on the Veterinary Department. Here also the development has been rapid. The expenditure

has increased from 10 lakhs in 1905-06 to an estimated expenditure of Rs. 17,39,000 for the coming year. The expenditure is largely provincial. The India General budget comes to Rs. 4,61,000. The two main heads in this budget are 'Bacteriology' and 'Veterinary charges'. Under the head 'Bacteriology' the budget includes provision for the Imperial Bacteriologist and the staff of the Muktesar Laboratory where rinderpest and other prophylactic sera are prepared. The growing popularity of these sera indicates that the time may come when one laboratory will not suffice. Under the head 'Veterinary charges—Proper', which comes to Rs. 2,52,000, provision is made for the Inspector General, Civil Veterinary Department, leave reserve officers, the Superintendents of the Civil Veterinary Department in Baluchistan, Sindh and Rajputana, the Superintendent of the Hissar Cattle Farm and the Camel Specialist who is engaged on a very important enquiry into camel diseases. His work has so far lain mainly in the Punjab. The pay of other Provincial Superintendents is also provided for in the Imperial budget under the head 'Other Provinces'.

"Turning now to the Department of Commerce and Industry the main heads are 'Geological Survey', 'Inspector of Mines', 'Central Museum', 'Inspector of Explosives', and 'Bureau of Commercial Intelligence'. The figures of expenditure are given on page 68 of the second part of the Financial Statement and they do not appear to call for any remarks.

"So far as the Home Department is concerned, the main items are 'Archæological Survey', 'Bacteriology', 'Central Research' and 'X-Rays Institute', 'Census' and 'Imperial Library'. The expenditure figures will be found on page 68 of the second part of the Financial Statement. The object of the Central Research Institute is to provide more adequate means for the study of the etiology and nature of diseases. Its functions are original research, the preparation of curative sera and the training of scientific workers. The plague prophylactic is prepared in the Bombay Laboratory, while the Central Research Institute is occupied with the preparation of anti-venene, anti-typhoid and other similar vaccines. The X-Rays Institute was established in 1906 as a centre for the practical instruction of medical officers and subordinates whether in civil or military employ, in the use and management of X-Rays apparatus and as a Department for the repair and storage of such apparatus.

"So far as the Census is concerned, I need only mention that the budget estimate is based on the expenditure incurred during the last Census."

IRRIGATION.

The Hon'ble Mr. JACOB: "In his speech at last year's budget debate the Hon'ble Mr. Miller explained very fully the reasons why it had been found impossible in the past to work up to the average of 220 lakhs of rupees of the 20-year programme of expenditure as given by the forecast of the Irrigation Commission. He explained that the pace at which we could push on with irrigation schemes was, owing to the nature of the work involved, necessarily limited, and, as an example of this, as an illustration of the time and money which have to be expended before Government can be in a position to decide whether any large irrigation scheme can be profitably executed or not, I may mention that the surveys and investigations of the large Tungabhadra project in Madras occupied a period of about five years and cost more than 6 lakhs of rupees. This is perhaps an extreme case as the Tungabhadra was a very large and costly project presenting many difficulties, but it gives some indication of the amount of time and expenditure which may have to be faced before any extensive irrigation work can be commenced. Mr. Miller then proceeded to give actual figures of expenditure, and showed that this expenditure had been more than doubled in the short period of the past six years. I may give some further figures; in the year 1900-1901 the capital expenditure on Productive and Protective irrigation works was about 93¼ lakhs, in the current year it is expected to be 232 lakhs, and for 1910-1911 a sum of 240 lakhs has been provided. That is to say, in the course of ten years, the annual expenditure has increased from 93¼ to 240 lakhs. These figures will give those interested in the subject some indication that the Government are fully alive to the irrigation needs of the country, and are in no way neglecting them. In addition also to the grants for

works which fall in the Productive and Protective category, and leaving out of accounts works chargeable to Provincial revenues a sum of Rs. 33,86,000 has been provided for minor irrigation works, and 69 lakhs to meet the working expenses of our major canals.

"I do not propose to analyse the figures relating to Public Works expenditure and grants, as explanations of all important variations have already been given in the Financial Statement, paragraphs 151 to 162 and 164 to 170. I may, however, mention that, while the normal maximum grant in the past for works of the Productive class is 150 lakhs, it was considered whether the grant should not be increased by 50 lakhs, by a corresponding reduction in the Railway grant, but it was not at all certain that a larger grant than 170 lakhs could be advantageously utilised in the coming year, and it has therefore been decided to increase the normal grant by 20 lakhs, taken from the grant for Railways.

"I would explain that the bulk of the Productive expenditure is at the present time taking place in the Punjab, not because other Provinces are being starved of funds to meet the needs of this particular Province, but because the large projects elsewhere have not yet reached the stage of sanction to the estimates. Of the 170 lakhs, the grant for Productive expenditure next year, nearly 112 lakhs will be spent in the Punjab, and, of this sum of 112 lakhs, 98½ lakhs have been provided for one scheme alone, for the project known as the Triple Canals scheme. This is a project of a very daring character and marks an important change in procedure. At one time it had been the practice to approach each irrigation scheme as independent in itself, but we are now working to far broader principles, to the necessities of a Province as a whole, in order that the water supplies may be carried further afield and be more fully utilised. The Triple Canals scheme is an example of this; in it the water of the Jhelum river will be carried across the Chenab, and the water of the Chenab across the Ravi in pursuance of the principles I have just mentioned. This is the project, which will probably cost about 10 crores of rupees by the time it is finished, and which the Punjab is straining every nerve to complete, and, as long as the greater part of the expenditure is confined to this one Province, it will be difficult to increase it.

"Other Provinces are, however, in various stages of progress with their projects. Of these, the largest will be in Sind: it is proposed to divide the Indus in Sind into 3 reaches with 3 weirs, each with its group of canals, both to improve the present inundation systems and to irrigate new ground. The aggregate cost of these works in Sind is likely to amount to 17 crores of rupees, but attention is first being paid to the central group with a barrage at Sukkur, a project which will probably cost over 9 crores. The Madras Government have two important projects under preparation,—the Cauvery, at a cost of about 4 crores, and the Kistna, at about 7,—and both these schemes are expected to prove productive. The United Provinces Government has a scheme known as the Sarda project, conceived on very bold lines, under investigation. The idea is to carry the water of the Sarda river in Oudh into the Ganges and Jumna tracts, and thus to bring fresh areas in the United Provinces under command, and possibly also to admit of greater irrigation facilities in the South-East Punjab, where the need of water is very pronounced. The anticipated cost of this project is about 6 crores. The Punjab has also another important scheme under survey for the utilisation of the water of the Sutlej river below its confluence with the Beas. The aim of this project will be the irrigation of Bikanir and Bahawalpur territories on the left bank, and the improvement of the present British inundation canals on the right. These may be said to be the more important of the Productive works under enquiry.

"Of the Productive works under construction, apart from the Triple Canals already mentioned, the more important are the Upper Swat Canal on the North-West Frontier Province, a work which, it is hoped, will go far to advance the prosperity and secure the well-being of the border tribesmen, and two projects known as the Môn and the Yeu in Upper Burma.

"The total number of Productive works in operation is 53. The most important of these are situated in the Punjab, United Provinces, Madras and Sind. In Bengal and the Bombay Deccan there are canals technically classed as such but which have failed to satisfy the conditions required of works of this category

Burma has two Productive works in operation, and there are three in the North-West Frontier Province. Practically the entire irrigation systems in the Central Provinces are at present Protective. The Province of Eastern Bengal and Assam does not at present possess any State irrigation works.

"The latest recorded statistics of the Productive works in operation show the capital cost to be Rs. 40,43,89,784, the net revenue Rs. 3,33,46,968, and the annual irrigation 14,115,538 acres. On works of the Protective class some additional money could probably be expended in the coming year, but it has not been possible for the reasons given in the Financial Statement to provide a larger grant than 70 lakhs against demands amounting to 82¾ lakhs. It is, however, hoped that, as explained in paragraph 140 of the Financial Statement, it will shortly be arranged to allow an annual provision of 100 lakhs for these works, an amount which will be sufficient for, at any rate, some years to come.

"The details of the distribution of the Protective grant are given in paragraph 139 of the Financial Statement. It will be seen that Bombay gets the largest share, 27 lakhs, of the money available. A sum of 15 lakhs has been provided for the Godavari project, which is designed to protect an area of about 200,000 acres in the Nasik and Ahmednagar districts and on which good progress has already been made. An adequate grant has also been made for the Pravara scheme, protecting a large area, which was started a few months ago. In the Central Provinces there are numerous tank irrigation works in hand which absorb 17¾ lakhs, and it has been necessary, for want of funds, as stated in the Financial Statement, to postpone the Tendula Canal project, estimated to cost nearly 100 lakhs of rupees. This is the first canal scheme of any magnitude to be undertaken in these Provinces, and it is expected to irrigate an average of 263,000 acres annually in a precarious area. It is hoped, however, under the new arrangement for funds under consideration, that it will be possible to provide money for this important work in a short time.

"Good progress is being made on the works in hand in those parts of the United Provinces which are liable to famine. The Dassan Canal, which will serve an area of about 80,000 acres in the Hamirpur District, is now approaching completion, and, while in progress, considerable improvements in the original design have been made, resulting in an increase in the storage capacity of the reservoir and in the area to be annually irrigated. In the case of the Ken Canal, designed to protect a precarious tract in the Banda District, it has also been found necessary to increase the storage supply.

"In the ten years prior to 1908-1909, the total capital outlay on Productive and Protective irrigation works has risen by a sum of nearly 13¾ crores, the net revenue has increased by about 114 lakhs, and the area irrigated by over 4½ million acres. The rise in net revenue and irrigation acreage in the above figures is not so marked as the capital outlay, because several works at present under construction have not commenced to yield revenue.

"I should not mention Civil Works, the figures and explanations concerning which are given so fully on page 90 of the Financial Statement, but a reference was made to this expenditure by the Hon'ble Pandit Madan Mohan Malaviya the other day. The Hon'ble Member, however, apparently referred to Provincial expenditure. I find that the average expenditure under Imperial (which includes expenditure in England) for the 3 years ending 1908-1909 was 115½ lakhs. In 1909-1910 a sum of about 119½ lakhs was provided, but later owing to the necessity for restricting expenditure in the current year as far as possible the allotments were reduced by about 17 lakhs of rupees. For the ensuing year the provision amounts to slightly more than 111¼ lakhs of rupees. Under this head reasonable economy is therefore being exercised."

The Hon'ble MR. DADABHOY said:—"At the outset I desire to make a slight modification in my resolution, in order that it may be perfectly clear what I am aiming at. The present budgeted expenditure on productive works is 170 lakhs, and what I ask in this Resolution is to increase that from 170 lakhs to 220 lakhs. As the resolution stands probably it may not convey that meaning

and I would like to add the words 'productive works' after the word 'irrigation.'

"I have heard with great interest what has fallen from the Hon'ble Mr. Jacob with regard to the proposed irrigation policy of Government. The Hon'ble Mr. Jacob has in a way anticipated me in many matters and has tried to raise issues which I propose to raise. However, as I shall presently shew, the arguments advanced by the Hon'ble Mr. Jacob do not carry us any further."

The Hon'ble MR. MILLER :—"Might I enquire how the resolution stands now? I am not quite clear about it."

The Hon'ble MR. DADABHOY :—"I wish to give the full 220 lakhs to productive works. The actual form of my resolution now is :—

'That this Council recommends to the Governor General in Council that the Imperial grant for expenditure on Irrigation during the next year be increased to the full average of 220 lakhs of rupees recommended by the Scott-Moncrieff Commission of 1901-03, and that the extra money required be made up by a proportionate curtailment of the Capital Expenditure on Railways'."

THE VICE-PRESIDENT :—"What are the exact words you wish to introduce into the resolution?"

The Hon'ble MR. DADABHOY :—"'Productive works'. Under the rules I had to give notice of this resolution long before, immediately on the presentation of the Budget."

The Hon'ble MR. MILLER :—"I must object to the alteration in this form. I do not wish to hamper the Hon'ble Member, but the resolution is not now really correct. The Commission did not recommend that this amount should be spent on productive works."

The Hon'ble MR. DADABHOY :—"I leave out the words 'recommended by the Scott-Moncrieff Commission of 1901-03.'"

The Hon'ble SIR GUY FLEETWOOD WILSON :—"I beg to ask if it is in order to alter a resolution once it is on the paper?"

The Hon'ble MR. MILLER :—"I must point out that the resolution, even as it now stands, will not make sense. It reads, 'and that the Imperial grant for expenditure on Irrigation productive works during the next year be increased to the full average.' What average?"

The Hon'ble SIR GUY FLEETWOOD WILSON :—"I am aware that there is no provision in the rules for altering a resolution, but there is a provision that two days' notice must be given of a resolution : this as altered has not had two days' notice."

THE VICE-PRESIDENT :—"There is no provision in the rules for amending a resolution, but if no Hon'ble Member objected to a proposed amendment being received, I should allow the amendment. As in the present case an objection has been taken, I shall have to rule that the resolution cannot be changed."

The Hon'ble MR. DADABHOY :—"Then I shall give notice of my resolution."

The Hon'ble SIR GUY FLEETWOOD WILSON :—"I did not object to it. I merely raised a point of order to be informed whether it would be in order."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA :—"May I know, Sir, how the Hon'ble Member wishes the resolution to stand."

The Hon'ble MR. DADABHOY again read the resolution as he wished it to run.

THE VICE-PRESIDENT :—"I have ruled that you cannot alter the resolution."

The Hon'ble MR. DADABHOY :—"May I ask that notice be dispensed with in the present case?"

THE VICE-PRESIDENT :—"I cannot dispense with notice."

The Hon'ble MR. DADABHOY :—"I bow to your decision; but I understand that the Hon'ble Members do not object."

The Hon'ble MR. MILLER :—"I would much rather have the discussion at once than postpone it to a later date. I understand now that the resolution simply ends with the words 'the full average of 220 lakhs of rupees.'"

The Hon'ble MR. DADABHOY :—"I beg to move that this Council recommends to the Governor General in Council that the Imperial grant for expenditure on Irrigation Productive Works during the next year be increased to 220 lakhs of rupees."

THE VICE-PRESIDENT:—" Have you any objection to the amendment ?"

The Hon'ble MR. MILLER :—" No."

THE VICE-PRESIDENT :—" Then you may go on."

The Hon'ble MR. DADABHOY :—" I must say that I propose to retain the words ' and that the extra money required be made up by a proportionate curtailment of the Capital Expenditure on Railways,' at the end of the resolution. I am thankful to you, Sir, for giving me an opportunity of speaking on this most important and vital question of the day.

" Sir, I beg to move that this Council recommends to the Governor General in Council that the Imperial grant for expenditure on Irrigation Productive Works during the next year be increased to 220 lakhs of rupees and that the extra money required be made up by a proportionate curtailment of the Capital Expenditure on Railways.

" Sir, it may at first sight look as if I was going to attack the Irrigation policy of Government, and to support my demand for the full average grant of 220 lakhs of rupees by questioning its past action. I do not propose to do anything of the sort. It would obviously be ungenerous not to acknowledge with gratitude all that Government has done in the past to improve the irrigation system of the country. Far be it from me to charge Government with supineness or apathy in the matter. A Government which, not satisfied with the work already constructed or reconstructed, appointed a Commission to inquire into the possibilities of irrigation in India, cannot with justice or fairness be blamed for inaction. I readily admit also that the annual grants for Capital Expenditure on Irrigation have been determined by financial considerations, by the limitations to which a constructive Irrigation programme is always subject, and by a balancing of rival claims for financial help. I must in justice to the Hon'ble Mr. Miller, who administers the department with conspicuous ability and zeal, further acknowledge that the country will feel grateful to him for the increase of 20 lakhs of rupees in the budgeted grant of next year, as also for the increased expenditure during the current year. It is to his wholesome influence and unwearied efforts that we all owe this increased activity in the department. If I press this resolution still, I do it from a sense of duty, and I hope my action will not be misunderstood.

" While fully admitting the limitations attaching to Irrigation, I submit there is scope for the employment of more capital every year, and the labour difficulty referred to by the Hon'ble Mr. Miller in his luminous explanation last year need not be insuperable. In the first place, the observation of the Irrigation Commission that there is always scope for large extension of irrigation works was based upon evidence and careful local inspection. That opinion is entitled to consideration. It is true the Commission predicted ' that the limits to the area which can be protected by State irrigation works at a cost which will not be prohibitive will,' after a long series of years, ' be within sight.' But we have not come to that stage yet, and it will be long before the contingency contemplated happens. The present activity of the State will determine the final issue. For all practical purposes we may leave such contemplation aside, and proceed to work in frank recognition of the fact that there is large scope for extension.

" In the next place, the large irrigation schemes known as Major works must be more or less complete. If some of them are not, they can surely be matured and completed within a reasonable time. Once they are finally settled, there remain three conditions still to be fulfilled before they can be carried out—funds, expert management, and labour supply. This last, in my humble opinion, can be counted on at many centres. Even if at any place the supply falls short of the requirement, the deficiency can be made up by reasonable offers to labourers living outside the particular area. At any rate, in a country like India, where wages are low, the labour difficulty cannot be an unsurmountable obstacle.

" The second condition on which prompt and proper execution of Irrigation schemes depends is not a very difficult one. Expert supervision is undoubtedly essentially necessary for successful construction; and if there was ever any difficulty experienced by Government in providing for it, it could be satisfactorily solved, as I suggested last year, by getting the work done by engineering firms of established reputation. Sir, last year I had the misfortune to be

misunderstood by so capable and sympathetic an officer as the Hon'ble Mr. Miller. I never meant to suggest then, nor do I suggest now, incapacity against the expert officers of Government. I do not for a moment contend that they are not quite up to the mark. I am not so ignorant of their engineering feats in India as to be deluded into the belief that they cannot do the work properly. The Trans-Gangetic Canal alone would dispel any fears on that head. It is a monument of skill and industry of which any country may be proud. My point was then, as it is now, that the total strength of the establishment might at times prove insufficient. Government engineers have to devote their attention to many things; their time is more or less preoccupied. It may therefore just happen that a scheme is hung up for want of officers to carry it through. This view receives support and corroboration from the remarks of the Irrigation Commission:—

'In every province which we have visited, wherever we have taken evidence, and made or received any proposals for the extension of works, we have been uniformly met with the complaint of the lack of engineer-officers. We have reason to think that this complaint is well-founded.'

"What is the harm, Sir, if in such a contingency of insufficiency, the work is done by well-known contractors? That in no way means any disparagement to the Government staff. Not that I contend that in every case the scheme should be executed under a system of contract; but I do still contend that, if it should ever happen, as happen it may, that execution has to be put off for want of officers, instead of allowing the scheme to be hung up indefinitely, it should be carried out by first-rate contractors. Then there will never be any difficulty on the score of expert supervision.

"The third condition on which the success of Irrigation projects depends is capable of being fulfilled by Government by a more liberal annual grant. The supply of officers and labour premised, there could not be any serious difficulty to the prosecution of a vigorous Irrigation policy except funds. The main difficulty to a more plentiful supply of funds by Government appears to be an apprehension, as explained by the Hon'ble Mr. Miller, that more money "cannot be spent' with advantage. No doubt this is a perfectly legitimate attitude for the Government to assume, but I have submitted above that the three difficulties feared can be removed. If my arguments convince the Hon'ble Mr. Miller, I hope he will be pleased to claim a larger allotment under this head from Government. The issue to my mind is simple. The Irrigation Commission after mature consideration came to a distinct finding, and recommended a certain course of action. Is effect to be given to the recommendation? If so, what prevents Government providing for the average annual capital expenditure of 220 lakhs of rupees? Government has in a way undertaken to spend 44 crores of rupees in 20 years on Irrigation works. We are so far behind the estimate, leaving aside the expenditure debited to the Famine Insurance. Will it not be prudent to keep up the annual capital expenditure to the average of 220 lakhs? There is need for extension of Irrigation works, and the money will have to be spent sooner or later. Even with the increased grant our budget for Capital expenditure for next year is short of the average of 220 lakhs by 50 lakhs. Is it too much to ask Government to make up the deficit, if necessary, by the curtailment of the Railway programme? I need not attack that programme in order to commend this resolution to the sympathetic consideration of this Council. Suffice it to say that the Railway grant is going to be considerably increased next year. The result cannot surely be serious and irreparable if it is reduced by 50 lakhs? I fear, in making this proposal, I incur the displeasure of my Hon'ble friend Sir T. R. Wynne, but, I venture to think, a slight curtailment in the Railway programme will not make any appreciable difference. The budgeted grant for expenditure on Railways is larger than the estimated expenditure in the current year by 2½ crores of rupees and than the actual expenditure last year by about 1½ crores of rupees.

"Sir, I know the resolution involves a larger issue of principle than would appear on the face of it. The real point is that in the present arrangement 'the financing of Protective works' is left, as the Hon'ble Mr. Miller himself pointed out last year, 'theoretically in a somewhat precarious position' and in practice too expenditure on Protective works has been more or less

fitful. These works are of great importance to the country, and unless they are vigorously pushed on the insurance against famine is small. The reasons for which the Commission recommended the abolition of the distinction between Productive and Protective works, if anything, have gained in force with time. The uncertainties of the initial stage, to which reference was made by the Hon'ble Mr. Miller, no longer exist, and experience has shown that Protective works do after a few years prove as productive as the most promising Major work. The classification is artificial and unsound, depending as it does upon the forecast of the return. If the estimate is less than $3\frac{3}{4}$ per cent., be the actual result what it may, the work is styled Protective, and if it is to be carried through, it must be out of the revenue. This is highly unsatisfactory, in that projects under this head, necessary though in the interests of the country have not unoften to be postponed for want of funds. The Tendula project of the Central Provinces for instance has not been provided for even next year. The remark in the memorandum is significant: 'The initiation of such new schemes as the Tendula has had to be deferred until better times.' The result is, large areas remain unprotected. And yet if the distinction between Productive and Protective works is removed from the accounts, the works come in at once for a share in the capital allotment according to their protective value, apart from considerations of productiveness. The Tendula project would then have been carried through, without having to wait for the offchance of a revenue surplus. This distinction is unknown to Railway finance, and yet there are Protective and Strategic railways. It is true that the Secretary of State has sanctioned a maximum expenditure on Protective irrigation works of 100 lakhs a year, but the condition attached makes the full allotment out of revenue impracticable except in a very prosperous year. With a falling opium revenue, it would be impolitic to expect prosperity budgets. The extra liberality shown by the Secretary of State becomes therefore in the result unreal. Unless there is a change in the Irrigation policy of the Government relating to the financing of Protective works, there is small hope of increased constructive activity in that line. The resolution in substance asks Government to allow on an average 220 lakhs of rupees a year for Capital expenditure on Irrigation works, and to do away with a classification which retards the progress of Protective works. This is the crux of the thing. The total shortage in actual expenditure is a comparatively smaller question Representing as I do a province for which the programme for Protective works is a very moderate one, and to the prosperity and security against famine of which Protective works are absolutely necessary, I must implore Government with all the earnestness at my command, to place Irrigation finance on a more logical and satisfactory basis. I must also request the Hon'ble Mr. Miller, who must be expected to have still some attachment for his old charge, to provide at least for the construction of the Tendula project. The Central Provinces, although generally speaking the worse affected by famines, have not had an adequate supply of funds for the construction of Protective works. The Hon'ble Mr. Craddock, to whom the people of the Central Provinces owe so much for progressive administration, has, I understand, repeatedly claimed more liberal grants; but so far the hopes of the people remain unsatisfied.

"There is one other point: in the budget of next year, Sir, 5 lakhs of rupees are allotted for protective railways. I thought the Secretary of State had ruled that no part of the Famine Insurance should be devoted to the construction of new railways. That is the information I gather from the Report of the Irrigation Commission. Why then this allotment, small though it may be? The money could have been more usefully spent on irrigation works At least, applied to irrigation, it would have increased the grant for protective works to the usual average of 75 lakhs of rupees. The division would be more in consonance with the principles laid down by the Secretary of State. I trust the Council will accept this resolution."

The Hon'ble MAHARAJADHIRAJA BAHADUR OF BURDWAN said:—"I wish to say a few words in connection with Mr. Dadabhoy's resolution. I think it is rather hard on the non-official Members to be asked to recommend the Council to accept a resolution to enhance the grant on the head of irrigation to 220 lakhs of rupees without knowing on what actual projects it is intended that this increased allotment is to be expended. I find that the Hon'ble Member

mentions one scheme in the Central Provinces, the Tendula scheme. I think he might have spared us all this trouble if he had only mentioned the Tendula scheme, and not asked to support him for an increased grant of 220 lakhs of rupees without our being enlightened as to exactly on what projects we are to request to spend this money."

The Hon'ble MR. N. SUBBA RAO said:—"I have heard with much interest and gratification the remarks of the Hon'ble Mr. Jacob foreshadowing a liberal programme of Irrigation works in the coming years. It is also with gratification that I notice that the grant under the head of Productive Irrigation Works has been increased this year. At the same time I cannot help expressing my sympathy with the Hon'ble Mr. Dadabhoy in the complaint which he makes that the Irrigation Department is not so well favoured as the Railway. I am afraid that the Hon'ble Member in charge of Irrigation is rather unkind towards the province from which the Hon'ble mover of the proposition comes. I notice from the latest administration report for 1907-08 that the Central Provinces has the honour of standing last in the list of provinces on which money is expended for protective, productive, or minor works. In fact hardly any sum has been spent up to date on productive works in that province. The amount spent on productive works which are in operation comes up to only 36 lakhs of rupees. No doubt there are some protective works under construction which have cost about 13 lakhs; but as the Hon'ble Mr. Dadabhoy rightly complains, the Tendula project is hung up for want of funds. I think, therefore, the Hon'ble Member in charge of the Department may show a little more consideration and raise this province from its place at the bottom of the list a little higher up. I can well sympathize with the Hon'ble Mr. Dadabhoy, coming as I do from a part of the country which enjoys the blessings of great irrigation works designed and executed under the guiding genius of Sir Arthur Cotton. If we compare, for instance, what the district of Godavari was before the anicut was constructed and before the distributary channels were brought into existence with what it is now, we are forced to urge on the Government that as much money as possible should be spent for extending irrigation works throughout the country, as they would certainly add to its prosperity and food value, besides mitigating the horrors of famine. I may mention that before the anicut was constructed, this district, like several other districts which are not protected by irrigation works, was periodically subject to famine, and poverty practically brooded over the land. This is one of those districts in which the Permanent Settlement was introduced, and yet the greater portion of the district was sold for arrears of revenue and for want of bidders the Government became the purchaser. An estate which was purchased in those days for, say, Rs. 10,000 now yields a net return of Rs. 10,000; such is the productive value of the works which have been introduced under the guiding genius of Sir Arthur Cotton. After all the Government is no loser by extending irrigation works. Take again the instance of the Godavari delta; we find that it yields now to the Government, after defraying interest charges, a net profit of 17 per cent. on the capital outlay. So also the neighbouring delta, the Krishna delta, which gives a net return of 13·79 per cent. after paying interest. These two deltas have paid their capital outlay of nearly 300 lakhs as well the interest thereon during all these years and have yielded a net surplus to the Government of over 600 lakhs of rupees. If you take the Madras Presidency itself, it gives a net profit of nearly 9 per cent., and after deducting interest, nearly 6 per cent. Taking the whole of India even, including all productive and protective works, the outlay may roughly be put down at 50 crores of rupees and the net profit at $3\frac{1}{2}$ crores and the interest at about 7 per cent. That immense benefit has been conferred on the country from these works is evident from the fact that the area irrigated including minor works for which no revenue accounts are kept, is more than 18 millions of acres. I do not take account of numerous private channels, tanks, etc., which irrigate nearly as large an area, if not more. I have gone into these details to show that the money spent on irrigation is repaid four-fold, and no loss whatever results therefrom. There is no excuse, therefore, for a niggardly policy in regard to irrigation.

"Now one curious feature in connection with the monies spent on irrigation is this: that out of 50 crores spent on productive and protective works only $2\frac{1}{2}$ crores have been spent on what are called protective works in operation

and 3½ crores including works under construction. Out of over 18 millions of acres that are irrigated, only 3½ millions are protected under these protective works. The disparity between productive and protective works is indeed very great; and if there is any necessity anywhere for expanding irrigation, it is in those tracts where irrigation is urgently required, tracts like the Deccan districts in the Madras Presidency, where scanty rainfall and chronic scarcity are the striking features of that part of the country. The Irrigation Commission recommended that out of the allotment of 220 lakhs two-thirds should go to Protective and one-third to Productive works. The Government has reversed this position, allotting only one-third to Protective works. No doubt it is stated that schemes for the latter have not been ready and money could not be spent on them. I trust, however, that henceforth more importance would be given to Protective works.

"Side by side with the allotments for irrigation if we come to railways, we find that whereas the maximum allotment provided for irrigation is 220 lakhs, the maximum allotment for railways is 1,875 lakhs or £12½ millions sterling. Naturally the actual allotments are in the same proportion; one is nearly 7 or 8 times the other. Of course between these two competitors the Railway has always the upper hand. Railways are more easy to construct, the materials come from other countries, and India is bountiful in supplying earthwork; while as regards irrigation there is a good deal of trouble in investigating, a good deal of skill required in constructing, and there are numerous other difficulties. It has been pointed out by the Hon'ble Mr. Jacob that there are two important schemes costing nearly 12 crores which are intended to protect the Deccan districts, *i.e*, the Tungabhadra project and the reservoir on the Kistna. These two schemes have been still under investigation and they have not reached the stage when funds can be allotted. All the more necessary therefore, I submit, to resist temptation with regard to Railways and concentrate our attention on Irrigation.

"Again, railways have only begun to pay a surplus during the last few years, whereas so far as irrigation works are concerned they have been paying a very handsome rate of interest all along notwithstanding many white elephants that have come into existence like the Kurnool-Cuddapah canal which results annually in a loss of nearly 6 lakhs, and some other projects which are a dead loss to the State. Taking these two departments, Railways have not been so successful as Irrigation and the loss on the former is immense. Considering all these circumstances, though we are grateful to the Hon'ble Member for the more liberal provision which he has made this year, I submit that systematic efforts should be made to allot and expend more money on irrigation and not confine ourselves to the maximum allotment provided for by the Irrigation Commission, but as far as possible to exceed that limit and bring protection where it is most needed at present."

The Hon'ble MR. JACOB said:—"In his resolution, as it now stands, Mr. Dadabhoy refers only to the question of expenditure on productive irrigation, and he apparently wishes that the sum we provided for next year should be increased from 170 to 220 lakhs. Now, I would ask, how does he arrive at this figure of 220 lakhs? Apart from the Tendula, which is a protective work, and therefore need not have been mentioned at all in any speech dealing with productive figures, he has mentioned no other projects. In recommending a grant of 220 lakhs for productive works, with no particular projects in his mind, the Hon'ble Member evidently refers to the figure which I myself quoted this morning as recommended by the Irrigation Commission as the average annual expenditure on all irrigation works combined. They recommended 220 lakhs for all irrigation works, productive and protective. These are the heads they give themselves,—productive, unproductive and intermediate. They included all productive works, they included all protective works, and I believe I am correct in saying they included some works which are called minor irrigation works. Now, I have already stated that for next year we have provided 170 lakhs for productive works, and I explained why we cannot spend any more even if we had it. Out of the 170 lakhs, we have to spend 112 lakhs in one Province and that Province cannot spend any more, it has not the labour, and the other Provinces are not sufficiently advanced with their new schemes, so that 170 lakhs is an adequate sum for productive works. Then I further

explained that we have provided 70 lakhs for protective works. That makes a total of 240 lakhs against the 220 recommended by the Irrigation Commission, and I presume that the Hon'ble Mr. Dadabhoy does not want us to reduce our grant by 20 lakhs. In addition, there is the Imperial minor works grant of over 33¾ lakhs, so that we are now well in advance of the sum mentioned by the Irrigation Commission. I think that disposes of what the Hon'ble Member says on the subject of the grant for next year.

"In his speech, however, he has alluded to some other points to which I may briefly refer. He asks whether, owing to the lack of engineer officers, some of the canal schemes should not be carried out by means of large contractors. In the first place, I should like to mention that the number of our permanent engineer officers has increased considerably since the year 1903, the date of the Irrigation Commission's report. In 1903, excluding Railways, we had 552 officers in the permanent service. We have now 700, so there is no longer the paucity of establishment to which the Irrigation Commission referred in their report; and apart from that, we have now a large staff of temporary engineers. A great many more temporary engineers are available in the country, and we are employing a great many more than was the case six or seven years ago. So far as officers are therefore concerned there is no longer any significant shortage for the purpose of the execution of our irrigation works. Turning now to the question of contractors, Government have had under consideration at different times the question of the employment of large contractors on irrigation projects, and have come to the conclusion that the system would be most undesirable. Contractors of standing can be and are employed at large centres in connection with building projects, but the same conditions do not apply to irrigation schemes. At large centres, contractors are in a position to employ an expert staff which has specialised in the subject and there may then be a saving in Public Works establishment. Few contractors have, however, any experience whatever of canal works scattered over a large area in deserts and jungles, and the only agency which has been developed for the execution of irrigation works is the petty Indian contractor. I speak as a practical irrigation officer of long service, and the only efficient agency for work of this kind is the petty contractor. I have been employed on many irrigation projects including that most profitable irrigation scheme in the world, the Chenab. Every bit of the Chenab canal work was done by small Indian contractors and done well, and we succeeded in effecting a saving of about 20 lakhs on a project estimate which is now yielding a return of about 24 per cent. When large contractors enter the field they require far higher rates than do the petty contractors, and when they obtain the work they merely sublet to those very petty contractors that we would otherwise employ, and the same amount of Public Works establishment for supervision would be required. Our experience of employing large contractors on irrigation works has not in the past been fortunate.

"In his speech, although his resolution refers solely to productive works, Mr. Dadabhoy alludes mainly to works of the protective class, and I should not perhaps say much on the subject of the latter as irrelevant to the resolution; but I should like to say a few words. For instance, in referring especially to protective works, the Hon'ble Mr. Dadabhoy remarked that 'experience has shown that protective works after a few years prove as productive as the most promising major works'. I cannot imagine where the Hon'ble Member derived this information, but it is not correct. There are at the present time 17 protective works in operation, they have cost 282 lakhs of rupees and bring in a net revenue of about 2 lakhs, which is equivalent to a return of 0·72 per cent. We hope for better returns in future, but none of these works at present fulfils the conditions of a productive work. I think the protective work which pays most at the present time is the Nira Canal in the Bombay Deccan which pays something over 3, but some of them pay nothing and others about 1 per cent. The only instance in which a work classed as protective has ever been remunerative, was the Lower Swat Canal, which has since been transferred to the productive class. But the Lower Swat Canal is no case in point. At the time this project was originally framed, the engineers thought it would prove productive, but inasmuch as there were some uncertainties regarding a work in that border part of the country, Government considered it would be advisable to accept a more cautious forecast and it was decided to classify the project as a protective one. But the Swat Canal

is in no sense protective as the term would be understood at the present day; its intentions were political, and it was classified in that way solely as a matter of convenience; for our purposes it is not a case in point.

"On the subject of financing protective works, our system has been to spend on such works just so much of one-half of the famine insurance grant as is not required for famine relief and for protective railways. The system has theoretically been open to the objection of uncertainty, but up to the present this objection has not been operative. The progress of our protective works has not been hampered in the past because the funds required have not been large and the financial position on recent occasions of famine has not been so unfavourable as to necessitate reduction of expenditure on works in progress. The conditions have now so far changed that the demands can no longer be met from the 75 lakhs per annum available from the famine insurance grant, and it was to meet this situation that it was decided to incur an expenditure of 100 lakhs under certain conditions. Mr. Dadabhoy has pointed out that the conditions are liable to make the full allotment impracticable except in prosperous years, and Government have now under consideration other arrangements by which it is hoped the necessary funds can be made available in all ordinary years."

The Hon'ble MR. GOKHALE said:—"Sir, I am sure the Council has listened with great interest and with sincere pleasure to the statement which the Hon'ble Mr. Jacob has just now made in reply to Mr. Dadabhoy's speech. He certainly has thrown a good deal of light on points which required explanation. There are, however, one or two things which still puzzle me, and I would like therefore to ask for a little further explanation.

"In the first place, as regards the question of contract agency. It is quite true, as the Hon'ble Member has said, that contract work may prove more costly, but, on the other hand, the construction of irrigation works would be more rapid under that system. As a matter of fact, I have read of large irrigation works being constructed mainly by contract agency in Egypt during Lord Cromer's time, and I do not know why, if the thing was found practicable there, it should not be found equally practicable here. I recognise that probably it will cost more, but there is a margin for additional expenditure because we find that the net return for irrigation works, especially major irrigation works—these are the figures for 1907-1908—the net return for irrigation works is about 7·1 as against under 6 per cent. for railways. Therefore, even if the cost is a little more, the return would not still be less than what you have for railways. There is no doubt that in the past irrigation and railways have been treated rather differently. I have got figures here which show that in 1883, 30 per cent. of the total expenditure on public works was on irrigation. I find that by that year about 23 crores had been spent on irrigation by the State as against 54 crores on railways. At the present moment only 15 per cent. of the total outlay is on irrigation, that is, the proportion has dropped from 30 to 15. The Hon'ble the Maharaja of Burdwan wanted specific schemes to be laid before this Council. I think Mr. Dadabhoy might well refer the Maharaja to the Irrigation Commission's Report. There the Commission have recommended schemes costing about 44 crores of rupees, and they have asked that the schemes should be spread over twenty years, because as things are going at present, the works being constructed by departmental agency, they saw no prospect of their being constructed sooner. But surely when there are all these works mentioned there, there should be no difficulty as to what projects might be taken in hand. I really think that though the Commission have recommended 220 lakhs on an average, still if the system of constructing works by contract agency were introduced by Government, the Government might be able to increase the grant for irrigation. The disproportion between the expenditure on railways and irrigation is just now very considerable."

The Hon'ble MR. GRAHAM said:—"It strikes me that, from the commercial point of view, seeing that the Hon'ble Mr. Dadabhoy has used the words 'Productive Works' in his resolution, that irrigation and railway construction go very much hand in hand, and therefore it would be entirely wrong to try and benefit the one at the expense of the other. To be really productive, irrigation works must be coupled with railway works, and I cannot see that we can really get the full benefit of their productiveness unless they have their own railway communications."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA said :—" With reference to the remarks which have fallen from the last speaker, I beg the Council to remember that there is another aspect of the question than the commercial one. No doubt, from the commercial point of view, irrigation and railways might very well go close together, but there is no measure more directly preventive of famine than irrigation, and it was, I imagine, from that point of view that the two Famine Commissions appointed by the Government of India recommended that Government should spend a great deal more money on irrigation than it has been spending. The resolution which my friend Mr. Dadabhoy has brought before the Council does nothing more than draw the attention of Government to the desirability, to the necessity, of carrying out the recommendations of the Commission appointed by the Government. We all acknowledge with gratitude what the Irrigation Department have done I think any one who studies the figures of the work done by the Irrigation Department must feel deeply thankful for what has been done, but the need for doing much more is strongly urged by the agricultural conditions of the country, and it is stimulated by the very success which has been achieved by the Department. It is strongly stimulated by the knowledge that there are vast tracts still in the country in which the rigours of famine might become very much diminished if irrigation works were pushed on better. I submit, Sir, that in a country where famines occur with the frequency with which they have occurred in this country. irrigation demands more earnest attention and a larger measure of support than railways. Railways have undoubtedly contributed to mitigate the horrors of famine. Some of them have enabled the Government to carry grain from one part of the country to another where distress has prevailed; but they have not been an unmixed blessing; nay they have also brought in a new calamity, namely, that the level of prices is raised to nearly the same level all over the country, and prices have gone up very much by reason largely of the railways which have been spread in the country. I do not mean to say therefore that the construction of railways should be stopped. What I submit is that the comparative merits of irrigation works and railways deserve a fairer consideration. It ought to be recognised that railways are not needed for the purposes of preventing famines, and that not many fresh lines are needed for even mitigating the calamities which fall on the people in the days of famine, but that irrigation works are needed in a larger measure to prevent those dreaded famines. For that reason I strongly commend the resolution which Mr. Dadabhoy has moved to the consideration of the Council, and I hope the Government will be pleased to see its way to accept it."

The Hon'ble MR. DADABHOY :—" Sir, I do not propose to take up the time of this Council by making any long reply to the criticisms on my resolution, as I know that there are several other resolutions on the agenda paper today, and we are pressed for time; but there are a few observations which I shall with your permission reply to as briefly as possible. The Maharaja of Burdwan has very kindly taken me to task for attacking the general irrigation policy of the Government without placing before this Council any practical schemes on which money could be spent. My friend the Hon'ble Mr. Gokhale has relieved me of the task of replying to that portion of his argument by referring the Hon'ble Member to the report of the Irrigation Commission. That will suffice for the purpose. I am extremely indebted to the Hon'ble Mr. Jacob for throwing considerable light on many of the important points with which I have dealt. He has very kindly drawn the attention of this Council to the fact, which must be well-known to Hon'ble Members, that the Irrigation Commission recommended an expenditure—aggregate expenditure—of 220 lakhs of rupees. That was the maximum which they recommended should be spent, and that maximum, as he has explained to this Council, included expenditure also on all works—protective, productive and minor. He has omitted, however, to point out to this Council, and I shall now mention it, that in the past, since the report of the Irrigation Commission was published, the Government have not spent the full maximum amount of 220 lakhs of rupees. In the past there has been an accumulation of arrears in this respect. If I ask now that the expenditure should be increased from 170 lakhs to Rs. 220 lakhs, I submit I am not asking this Council to do anything which is either extravagant or improper, because in the past, as I have said, we have fallen considerably short of the total amount recommended by the Irrigation Commission. The Hon'ble Mr. Jacob has also referred to the engineering staff of the Government, and he

has stated that since the publication of the report of the Irrigation Commission, they have now got the full complement of engineer officers. I congratulate the Hon'ble Mr. Jacob on that statement; I congratulate the Public Works Department also on having the full complement of officers; but I ought to say this, if my memory serves me rightly, that it was pleaded on behalf of Government last year in this Council that it was the want of a sufficient staff of engineer officers that in a way prevented the Government from undertaking the expenditure to the extent of 220 lakhs recommended by the Irrigation Commission. Then again Mr. Jacob has referred to the difficulty of Government in getting irrigation work done by contractors. I am afraid I am unable to agree with him in that respect. He has pointed out that if we leave irrigation work to contractors, the contractors will sub-let the contract to other people, and the Government officials will certainly have to do their part of the work in supervising. Well, Sir, the same conditions, I beg leave to point out, prevail in the execution of the railway policy of the Government. We are spending on railways considerably more than what we are spending on irrigation projects; and how is the railway policy of Government carried out? It is done extensively and almost wholly by contractors. The same contracts are sub-let by contractors to other people, and no inconvenience follows. My Hon'ble friend Sir T. R. Wynne, than whom there is no better authority on railways and railway administration, will assure this Council that the railway administration does not in any way suffer by the sub-leasing of contracts. The Hon'ble Mr. Jacob has also challenged my statement that the protective works would eventually turn out productive. Well, the one instance of the Swat Canal which he has given proves the truth of my remark abundantly. But apart from that, permit me, Sir, to point out that the irrigation policy of Government is not familiar to the people. You have to teach them, and eventually the result will be that the Government will find irrigation more productive than railways. My friend the Hon'ble Mr. Gokhale only the other day pointed out to you what these railways pay. After all we have spent something like Rs. 260 millions on railways. We have not received 5 or 6 millions as profits, and only during the past few years the railways have come to pay their way. Of late there has been a setback in railway income. So if we compare irrigation with railways, I do think the advantage is all on the side of irrigation. My friend the Hon'ble Mr. Graham has also taken me to task for having asked this Council to curtail expenditure under one head and to give the saving to the other. He contends they are both public works, and it is not right on my part to suggest railways to be starved for the furtherance of irrigation projects. It is far from my mind. I am one of those men who believe in railway projects. I am at one with the Government as regards the better equipment of the existing lines. All I say is that in the past as regards railway policy we have gone very fast. Let us have a slight abatement in our vigour now. I don't want railways to be stopped. On the contrary, I want to see better railways in this country. I at the same time want a slackening in the constructive vigour of Government. Let us not go so fast with regard to railway extension when there are other works such as irrigation, sanitation, education, which require the attention of this Government. These are calls equally important, and as vital as the railways. I should not therefore be misunderstood with reference to my remarks. Now what has happened practically? I protested from my place in the Council last year as regards the railway policy of Government; I made remarks to that effect. We find that a crore-and-half of rupees has been allotted more to the railways than last year. Protest has resulted in extra grant. I say, as I have said so often, let us proceed more slowly with railway projects, and give our best attention for some time to other projects till the past deficiency in the other important departments is made up. With these words I ask you Hon'ble Members to give your earnest support to my resolution. The prosperity of India largely depends on the success of its irrigation policy. We want more irrigation in this country. We want the poor raiyat to be insured against famine years. We want the cultivator to have a stable income, and I appeal therefore to you to give your earnest attention and pass this resolution and ask for a further grant. We must ask for more money. We must steadily ask for more money. Unless we ask like Oliver Twist we will never get it. I protested from my place last year, and the Hon'ble

Mr. Miller has been good enough to find 20 lakhs of rupees more. One effect of my resolution will be that, even if it fails, I shall see the Hon'ble Mr. Miller with his broad sympathies, provide more liberally next year for irrigation works."

The Hon'ble MR. MILLER: "Sir, before I come to the exact terms of this resolution, I should like to say, with reference to some remarks that fell from my Hon'ble friend as to what he said last year in Council, that I am very glad that he has dissociated himself from any intention on that occasion of reflecting on the work done by the long series of engineers to whom irrigation in India owes so much. I may have misunderstood him last year, but I do not think that I misunderstood the impression which would have been produced if his remarks, which appeared to give voice to certain depreciatory comparisons that had been made elsewhere between the progress of irrigation in this and other countries, had been allowed to pass altogether unchallenged. It was simply for that reason that I took the matter up last year. I believe I was supposed to have criticised the Hon'ble Member rather severely; certainly that was not my intention. But it explains another point and that is why I mention it. I feel that I cannot escape some responsibility for the exceedingly irrelevant discussion here, for the time of the Council has been taken up to a great extent with matters that are irrelevant to the resolution that has been put before it, though I think probably most Hon'ble Members will feel that the discussion has not by any means been an uninteresting one. My share of responsibility is that I did not like to press the objection which was taken to the Hon'ble Member's proposal to alter his resolution at the last moment; I wished his discussion to be allowed: and the only intention of my intervention was to try to get the resolution into a definite form so that we should know exactly what it was. Well, what has been the result? The result has been that the Hon'ble Member after giving notice of one resolution has proposed a second, and has made a speech which is very largely devoted to something which is neither the one nor the other. He has put me in particular in a very difficult position. I came here, as he says himself, full of broad sympathies. I wanted to tell him how very much I should like to assist and how thoroughly interested I was in doing something for the Central Provinces. My Hon'ble friend Mr. Subba Rao also appealed to me on behalf of the Central Provinces. I was most willing to answer that appeal. Nothing could possibly give me greater pleasure than to be able to induce my Hon'ble Financial Colleague to give some money for the one great project which the Central Provinces have at last brought to maturity. My Hon'ble friend, by changing the resolution, has absolutely deprived me of all opportunity of saying anything on this subject. The whole of this becomes irrelevant. We have nothing to do with the Tendula scheme or any similar matters of which we have heard so much today. The resolution before the Council is that this Council recommends to the Governor General that the Imperial grant for expenditure on irrigation productive works during the next year be increased to 220 lakhs. Now I think I am right in saying that this is not the resolution that my Hon'ble friend really meant to move; I will mention however how the position stands. The budget for next year, as the Hon'ble Mr. Jacob has explained—but I will repeat it briefly—provides 170 lakhs for productive works and 70 lakhs for protective works, or a total of 240 lakhs, the largest provision that has ever been made. The Hon'ble Mr. Dadabhoy proposed originally that we should provide 220 lakhs. His original resolution therefore would have no doubt involved a reduction of expenditure by 20 lakhs of rupees, but it would have given an opportunity of explaining the position and discussing the claims of protective works. He altered it however so as to read that we should spend 220 lakhs on productive works alone. I think from my Hon'ble friend's speech, and from the general tenor of the discussion, that what he really wanted to propose was that we should increase the amount of 70 lakhs for protective works. Now that would have been an exceedingly laudable motion to put before the Council, even if it could not be accepted, but it is not the motion that is now before the Council. The matter before the Council is this; that the grant for productive works should be raised from 170 to 220 lakhs of rupees. Well I do not think, gentlemen, that this is really a business proposition. We have never had such a grant for productive works as 170 lakhs of rupees, and I am not going to repeat all the arguments that have been placed before the Council at different times as to the impossibility of

suddenly expanding your irrigation expenditure by lakhs of rupees. It cannot be done. The Hon'ble Mr. Gokhale says that the projects are ready in the Irrigation Commission's Report. That is quite a mistake. The projects are mentioned there; they are all suggested; but they are not worked out. The Hon'ble Mr. Jacob referred to one of those projects, the great Tungabhadra project, which is to cost us 6 crores. Well that has been investigated for years, and no satisfactory method of carrying it out has yet been discovered, and it is the same with others. The resolution now asks the Council to give an additional grant of 50 lakhs on the top of the very large grant which has been already given for productive works this year. That is hardly a proposal to commend itself to practical men, and I doubt if my Hon'ble friend ought to press his resolution as altered at the very last moment, but if he wishes to do so, I am afraid I must ask the Council not to accept it. There are some very interesting matters raised today, for instance, the comparative merits of canals and railways, and the question of construction by contractors, on which there is a great deal to be said They are not however strictly relevant to the point I am dealing with, and I do not propose to take up any more of the time of the Council in discussing them."

The resolution was withdrawn.

[*At this stage the* VICE-PRESIDENT *left the Chair, which was then taken by the Hon'ble* MR MILLER, *being the Member appointed by the Governor General to preside in his place.*]

The Hon'ble SIR HARVEY ADAMSON said:—"The budget heads which it falls to me to introduce are, Registration, General Administration, Courts of Law, Jails, Police, Education and Medical. I find that a very full and clear explanation of the figures relating to these heads is given in the Financial Statement, and I doubt whether I could say anything that would be really useful in further explanation of them. On this occasion, when the time that has been allotted for the discussion of the second stage has been reduced from three days to one, and at this late hour when there are still five resolutions that remain for discussion during the day, I think I would not be justified in occupying the time of the Council and probably blocking the resolutions, by making explanations which if given would necessarily be very lengthy and after all would be merely an elaboration of what has already very clearly been stated in the Financial Statement. I therefore propose to follow the example of my Hon'ble friend the Finance Minister.

"There is only one point I should like to mention as it may be of personal interest to Hon'ble Members. The charges on account of the Governor General's Legislative Council are estimated at Rs. 2,01,000. This shows an increase of Rs. 88,000 over the accounts of 1908-1909. That figure Rs. 88,000 may, therefore, be taken as approximately the cost of enlarging the Council."

EDUCATION.

The Hon'ble RAO BAHADUR R. N. MUDHOLKAR moved the resolution that "This Council recommends that the expenditure on account of education in the Central Provinces be increased by Rs. 2,00,000 (two lakhs)." He said:—"I trust that no apology needed is for bringing before the Council what may be called a purely local question. This Council is the only place where persons interested in the Central Provinces and Berar can bring forward suggestions for administrative improvements required there and for the adoption of measures needed to meet the wants and wishes of the people. Besides, the questions with which this resolution and the next which I have to move deal with are matters of more than local application. There is no part of India which does not feel the necessity of developing education and improving sanitation. Many of the grounds on which claim is made for greater contribution by Government to purposes of education and sanitation in the Central Provinces and Berar, can be urged in regard to other provinces as well. Taking the resolution in regard to Education, what I propose is, that over and above the amount of Rs. 17,40,000 provided in the Financial Statement for expenditure in regard to education in the Central Provinces and Berar, 2 lakhs more should be

assigned for purpose of general education, one lakh for the Central Provinces proper and one lakh for Berar.

"This increased grant should be applied :—

(1) in Berar —

(*a*) for establishing an Arts College,

(*b*) for establishing two High Schools, one in the District of Buldana and the other in the Yeotmal District,

(*c*) for establishing two Middle Class Schools for girls for teaching English,

(*d*) for increasing the number of Primary Schools and making the improvements found necessary in the existing ones ;

(2) in the Central Provinces—

(*a*) for further strengthening the Morris College, so as to place it on a level with first grade Government Colleges in the other Provinces of India,

(*b*) to provide High Schools for those districts which do not possess a Government High School,

(*c*) to increase the number of Middle Class Schools for girls for teaching English,

(*d*) to increase the number of Primary Schools and make the improvements advocated by educational authorities as necessary in the existing schools.

"The need for increased expenditure on higher education, on secondary education for boys and girls and on primary education, is admitted by educational authorities of the Province and by the head of the administration. The resolution of the Hon'ble the Chief Commissioner of the Central Provinces issued in November last, on the report of the Director of Public Instruction on the state and progress of education for 1908-09, says :—

'Requests are constantly preferred for the opening of new schools and for raising the grade of existing schools. Particularly there is a marked increase in the fervour with which primary education is now received in rural tracts.' * * * * 'The aspirations of the population in this respect are worthy of encouragement, and nothing can be more desirable to the Administration.'

"Later on, it is stated 'there is much to be done' in regard to education.

"The resolution draws attention to the hopeless overcrowding to be met with in most of the schools of Berar and admits that there is still much to be done for the improvement of existing schools, especially in the direction of providing them with a sufficient competent and adequately paid teaching staff.

"Taking up collegiate education first, there are in the territories under the Central Provinces Government only three colleges giving instruction in the entire Arts Course, and one College of Science. Of the three Arts Colleges one only is a Government College. The other two are aided ones. Berar has no College. This provision is not at all adequate for a population of $13\frac{1}{3}$ millions, while the claim of Berar is entirely disregarded.

"The two High Schools of Amraoti and Akola are overcrowded. In Berar and in the Central Provinces there are districts which have no High School.

"There is no School in Berar for teaching English to Indian girls and in the whole Central Provinces there are only three with about 150 scholars. The resolution above-mentioned refers to the demands of important villages for the establishment of Girls' Schools in the villages and says 'it is difficult to meet their requirements to the full extent owing to financial exigencies.' I shall give a few figures to show how utterly insufficient is the grant which is made from the general revenues to purposes of education, in my province.

"The Budget for the next year proposes to allot to these provinces Rs. 17,40,000 for education. The proposed grant shows, I thankfully admit, an increase over the current year's allotment ; and I do not deny that for some time past there have been every year small increases made in the expenditure on education. But when we compare the expenditure on education to what the people contribute to the general revenues, and bear in mind how urgent is the need for education, the insignificance of the amount becomes apparent. Out of three crores and 11 lakhs raised from the people only 17·4 lakhs are devoted to education. As a matter of fact, the actual Government contribution will be

smaller than Rs. 17,40,000. The receipts from fees, etc., which come to about a lakh, ought to be deducted. This will make the real grant from General Revenues only one of 16⅓ lakhs.

"The case of Berar is peculiarly hard. Taking the year 1903-04, which is the latest one for which separate statistics for Berar were available to me here, out of 1 crore and 27 lakhs raised in the province as General Revenues, only Rs. 94,000, that is, only one rupee out of Rs. 135, was spent on all kinds of educational institutions. Out of the 16 lakhs now proposed to be given, 'Direction' and 'Inspection' absorb nearly 5 lakhs and a half; the actual expenditure from Provincial and Imperial revenues on educational institutions was last year a little less than 10 lakhs. How unsatisfactory is the state of things and what leeway has to be made will appear from these facts. According to the last quinquennial report on education there are only 20 students per million of the population who received University Education in the combined Provinces during that period as against 121 in Madras, 108 in Bombay, 95 in Bengal, 47 in the United Provinces, 74 in the Punjab. There is only one province which is more backward, and that is Burma.

"In 1906-1907 the pupils in the Arts Colleges in Central Provinces and Berar were 274 as against 4,687 in Madras, 5,119 in Bengal, 2,747 in Bombay, 2,241 in the United Provinces, 1,508 in the Punjab, 1,197 in Eastern Bengal and Assam. The number of students in the Arts Colleges, though increasing, is still less than $\frac{1}{10}$ths of what the last province had three years ago. In Secondary Education we had 12,662 out of a total number of 468,464. Only 13·4 per cent. of the children of school-going age receive instruction. For primary education there is one school for an area of 45 square miles in the Central Provinces and Berar, while Bengal has one to every 3·7 square miles, Eastern Bengal and Assam to 5·7 square miles, Madras to 6·6 square miles. It cannot be said that the local bodies or the people are not giving enough to educational purposes. Here again I shall quote what the head of the local administration says:—

'Local funds are taxed for education to their utmost capacity.'

"The District Boards spent last year Rs. 11,73,885. Out of nearly 28 lakhs spent on educational institutions nearly 18 lakhs came from local funds, fees and other sources. Almost the entire cost of primary education for boys is borne by local bodies. Out of nearly 8 lakhs spent on these schools the contribution from provincial revenues was only 27½ thousands. I have shown enough to justify the demand of the people for larger expenditure out of the general revenues. It is an eminently just and equitable claim and is supported by the highest considerations, political, economic and moral.

"One of the chief causes to which agricultural indebtedness is attributed is the ignorance of the raiyat. Only a little while ago, special officers were deputed to compound the debts of cultivators. More necessary than a temporary palliative of that kind is the removal of the ignorance which is the parent of poverty and misery.

"The Budget proposes to increase the expenditure on education by about 29½ lakhs. But the Central Provinces receive only 82 thousand rupees, out of this increased allotment to education. Most provinces have received 3 lakhs. *One is given 10 lakhs and another 6 lakhs. I don't wish that they should be deprived of what is proposed to be given to them, for they like us are in want. But I do say less than justice has been done to the Central Provinces and Berar. As much ought to be given to us as is given to Eastern Bengal and Assam. The increase asked for will not necessitate resort to a loan or produce disturbance of grants to other purposes. There is first of all the Budget surplus* out of which 2 lakhs can be easily spared. Secondly the revenue realised will in all likelihood be considerably in excess of the present too cautious estimates. I earnestly ask Government to do to the people of the Central Provinces and Berar that justice to which they are entitled."

The Hon'ble MR. PHILLIPS said:—"I venture to rise, Sir, to break through the silence which I have hitherto maintained in this Council as the occasion seems to be one on which perhaps I ought to speak. The very nature of the resolution which has been moved by the Hon'ble Mr. Mudholkar appears, for reasons which I shall endeavour briefly to indicate, to throw on me the obligation of making some reply to the very earnest and carefully considered

speech which he has delivered in support of his motion. The resolution relates solely to the Central Provinces. Had it related to any of the other Provinces which have official representatives in this Council, I take it that under the rules it would at once have been disallowed on the ground that obviously it was one which should be discussed in the Provincial Legislative Council. But in the Central Provinces there is no Legislative Council, and therefore the discussion of this resolution here is permissible and regular. Still, Sir, this accident cannot and does not make the subject one of direct or immediate concern to the Government of India. It still remains one essentially for consideration by the Central Provinces Administration. As I have the honour to be the official representative from the Central Provinces, I propose to say a few words on the subject. I may mention also that it so happens that the Provincial Resolution on education from which my Hon'ble friend has so extensively quoted was issued during the time when I had the honour of being temporarily in charge of that Province.

"Now, Sir, my Hon'ble friend, while he urges the necessity for increased expenditure on education in the immediate future, has not stated the amount actually expended on it in the past. He has merely mentioned the sums entered in the budgets for this year and the next year for education. I think, perhaps, it will be instructive if I place before the Council a few figures relating to the past few years. The total Provincial expenditure on education in the Central Provinces in the year 1906-1907 was Rs. 13,51,000, in 1907-1908 it was Rs. 14,19,000, in 1908-1909 it was Rs. 15,89,000, in the revised estimate for 1909-1910 Rs. 16,58,000 have been provided, and in the budget estimate for 1910-1911 Rs. 17,40,000. It will thus be seen that there has been a steady rise in the expenditure from year to year, with the result that in the course of five years it will have increased by nearly five lakhs. My Hon'ble friend has mentioned the sum of two lakhs as the sum which he would now wish to be added. Well I think, Sir, these figures will show that the subject is receiving the close and constant attention of the Local Administration.

"My Hon'ble friend considers that the case of Berar is peculiarly hard. He thinks that more of the total amount spent on education should have been spent in Berar, and he has pointed out that in 1903-1904, the latest year for which he has been able to obtain figures, the sum so spent there was only Rs. 94,000. I have been able to obtain figures for later years. In 1906-1907 the expenditure from the Provincial revenues on account of education in Berar was Rs. 3,17,000, in 1907-1908 Rs. 3,29,000, and in 1908-1909 Rs. 3,50,000. I regret that I have not succeeded in getting the estimated figures for the past and the coming year. But from the figures which I have laid before the Council it will be evident that the requirements of Berar have not been neglected and that it has been sharing proportionately with the rest of the Province in the steadily increasing expenditure on education.

"My Hon'ble friend has complained that the proportion of the total revenue spent on education is so small. Well I am afraid I cannot enter into a detailed discussion on that point. I am sorry to say, in the first place, that in the short time at my disposal I have not been able to arm myself with all the figures necessary for such a discussion. In the next place, even if I had all the figures ready, I should hardly be justified in taking up the time of this Council in discussing details of a Provincial Budget. I may however say generally that my Hon'ble friend may rest assured that all the various needs—and they are numerous—of the administration have been closely and carefully considered, and that only after careful and close consideration have the allotments to the various heads of administration been made, and there is no doubt that greater expenditure on education could not have been provided for. But my Hon'ble friend, I understand, complains chiefly that whatever may have been the expenditure on education, it ought to be a great deal higher. In that view he will find that not only I but the Central Provinces Administration are in entire agreement. He has enumerated various projects which he thinks ought to be undertaken in the matter of education and he asks for funds. I can only say that his list does not include nearly all the projects which the Central Provinces Administration is now contemplating. There are various others that I could mention which would add materially to the list, but I do not wish to take up the time of the Council by enumerating them. But the fact remains that all these projects require money, and my Hon'ble friend has not suggested in the whole

course of his speech where the money is to come from. He has indeed thrown out a hint at the end of his speech that it should be provided by the Government of India. Well, Sir, here he has strayed into paths whither I am precluded from following him. There is no doubt that, as the resolution stands, it is for the Provincial Government to provide the money, and the problem is how it is to be provided. I presume the only way he could suggest is that other heads of expenditure should be curtailed. Well, I am afraid that is quite impossible. There is a homely proverb which says we must cut our coat according to the cloth, and if the educational coat in the Central Provinces is to be shorter and altogether more skimpy than we should like, unfortunately there is no help for it. But we hope that better times are coming, and all I can say just now is that, if in the near future or the future at any time funds are available—in fact, as soon as the state of the finances allows—there will certainly be a very considerable expansion of Provincial expenditure on education, and in determining the precise directions in which the increased expenditure will be incurred, the projects which my Hon'ble friend has put forward will receive the fullest and most careful consideration."

The Hon'ble MR. CHITNAVIS: "Sir, I had intended to make a few observations on this question, so far as it related to the Central Provinces, but from what has fallen from the official representative, the Hon'ble Mr. Phillips, I am glad to find that the disposition on the part of Government is to spend more money for the support of education in the province as finances improve. I think after that kind assurance no remarks are necessary."

The Hon'ble MR. HOLMS said:—"Sir, the few remarks which I have to make are purely introductory to a comparison, but I venture to think the Council will consider them strictly relevant to the resolution before it. In considering the claims of one province in the matter of education to a further share of assistance from the Imperial revenues the claims of other provinces must also be considered. The Hon'ble Member who has moved this resolution has challenged comparison, and I accept the challenge so far as the United Provinces are concerned.

"The claims and needs of the United Provinces in the matter of education have been urged before this Council in season and possibly out of season. In a year like the present it is not for me to press the claims of that province. The door at which we have been knocking is more tightly closed than ever; at least that is what we learnt from the remarks of the Hon'ble and vigilant keeper of the door, in the speech which he made in introducing the Financial Statement.

"I have extracted for the satisfaction of my own curiosity and not for infliction on this Council certain figures comparing the net expenditure on education per million of people in each of the large provinces in India, and two of these figures are so remarkable that I cannot refrain from bringing them to the notice of the Council.

"Taking the budget figures for the coming year, the net expenditure budgetted for education in the Central Provinces is Rs. 1,36,000 per million of population. The similar figures, that is to say, the net expenditure per million of population, for the United Provinces is only Rs. 69,000 as against Rs. 1,36,000. In considering figures of this kind, there are of course numerous adjustments and qualifications that must be taken into account before you get an adequate comparison, and this is not the time to make such adjustments and qualifications. A fair basis of comparison is the population in the province, and this is the most important factor in the case. When we see that the United Provinces are able to provide from the resources supplied by the Government of India only half the amount for education per head which is provided in the Central Provinces, I venture to think that these figures are worth consideration and I leave the Council to draw its own conclusions."

The Hon'ble MR. MUDHOLKAR said:—"I shall be very brief in my reply, Sir. It has been said that there has been an increase in the expenditure on education in the Central Provinces and Berar and that it has been steadily rising. I myself admit all that, but my contention all along has been that it is a very inadequate grant, and that though things are not so unsatisfactory as they were some years ago, we are still very badly off. In a way it is admitted by the Hon'ble Mr Phillips that our educational needs are even more than what I have represented them to be. I am glad to have obtained this admission from one who was at one

time Head of our Administration, and who will probably again occupy that position before long. Then it is said, whence are the funds to come? Well, in regard to that I would point out first of all that there would be some surplus in the provincial revenues. With the very cautious estimates of the provincial revenues which have been made, the provincial finances can very well afford, if not two lakhs, at least a substantial portion, say half of that amount. However, the Hon'ble Mr. Phillips has given us the assurance that if not in the following year, at least as soon after that as possible, the interests of the province, especially of Berar, will be taken into consideration, and with that assurance from him I do not think it necessary to press my resolution to a division. But I cannot afford to overlook certain remarks which were made by the Hon'ble Mr. Holms. It is no answer to a hungry man to tell him 'You are not the only hungry man; I am hungry also.' In that case both of us would have to cry. I did not mean to say that the United Provinces and other provinces were receiving the treatment they ought to; the great cry is that more money is wanted for the educational needs of the various provinces. I do not wish to say anything further, and I do not wish to press my resolution to a division."

THE PRESIDING MEMBER: "I understand that the resolution is withdrawn."

SANITATION.

The Hon'ble RAO BAHADUR R. N. MUDHOLKAR said:—"The resolution which I now beg to move is 'That this Council recommends that the expenditure on account of Sanitation in the Central Provinces and Berar (head 24—Medical) be increased by 4 lakhs.'

"I had to refer the other day to the urgent need of increasing the expenditure on sanitary works in the Central Provinces and Berar and to the great difficulty of carrying out the most necessary projects of sanitary improvements for lack of funds. The rate of mortality has been steadily rising since 1898. From 23·4 in 1898 it has gone up to 41·7. One year it went up as high as 57·82. There are only two provinces which show higher mortality—the United Provinces and the Punjab. It is true that much of this increase is attributable to the plague. But the mortality returns show that there are not only the large number of deaths from plague but also increases in those from other diseases. The chief medical authority in India told us the other day that the plague has nothing to do with general insanitary conditions, and I am not controverting that position. But there are other diseases which either arise from or are aggravated by insanitary conditions; and it is the duty of the State to take effective steps for putting these down and mitigating misery and suffering. The Malaria Conference a few months ago made recommendations which involve the expenditure of large sums of money. In the resolution issued some four years ago by the Chief Commissioner of the Central Provinces on the report of the Sanitary Commissioner attention is drawn to the great increase of sickness which has arisen in towns which have increased their water-supply without the same time constructing and maintaining good drains. But several of these drainage schemes are estimated to cost lakhs and are beyond the means of the Municipalities concerned. In one annual report the Sanitary Commissioner of our Province has frankly stated that owing to the heavy expenditure on plague measures and other pressing things several of the Municipalities were almost at the end of their resources and were not in a position to carry out drainage schemes from their funds The Provincial Revenue must come to the aid of these local bodies if the people are to be saved from much preventible suffering and the death roll is to look less ghastly. There is one form of expenditure which Municipal Committees are called upon to bear which ought to be entirely borne by Provincial Revenues. To induce people to leave plague-infected localities pecuniary assistance is often necessary to be given to persons too poor to construct huts at their own expense. There are also various kinds of plague measures costing large sums which are required to be carried out. This is an expenditure which ought really to be borne by the General Revenues, and a considerable portion is so defrayed. But Municipal Committees are also required to bear a share of the cost of the plague measures, and this demand has made them less able to carry out sanitary improvements.

Nearly 43 per cent. of Municipal Revenues are spent on sanitary work—original and recurring—and it cannot be said that they are not doing their duty in this respect.

"I therefore request this Council to make the recommendation that the expenditure provided for in the Budget under head Medical be increased by 4 lakhs of rupees to be distributed half and half between Berar and the Central Provinces for necessary sanitary works in urban and rural areas."

The Hon'ble MR. PHILLIPS said:—"As the line that I shall have to take on this resolution, which has been brought forward by my Hon'ble friend, is much the same as the line which I have just taken on the other resolution moved by him, I need not make any lengthy remarks on it. I may, however, say, with respect to this question of sanitation, that here the case against the resolution established by the figures of increasing expenditure from year to year is even stronger than it was in the matter of education. The figures for the past five years are as follows:—

in 1906-1907 the Provincial expenditure on sanitation was Rs. 13,000,
in 1907-1908 it was Rs. 6,000,
in 1908-1909 it was Rs. 81,000,
in 1909-1910, according to the figures of the Revised Budget, it will be Rs. 2,28,000, and
in 1910-1911 it will according to the Budget Estimate be Rs. 2,86.000.

So that we have gone up from a few thousand rupees to nearly three lakhs in the course of five years. I again submit, Sir, that these figures are an indication that the subject is at any rate receiving attention. Here, too, I entirely agree with my Hon'ble friend about the advisability of spending considerable further sums on sanitation, but here, too, unfortunately, the resources of the Province are insufficient to allow of any further allotment being made for the purpose.

"I should perhaps have mentioned in speaking on the former resolution—I should have brought to the notice of my Hon'ble friend—that, as appears from the Financial Statement, it has become necessary for the Government of India to make a subvention of over 7 lakhs of rupees to the finances of the Province, because its resources have been very greatly crippled owing to the expenditure necessitated by the failure of crops and the consequent distress following on the drought of 1907. But even so, the Province is now working to a minimum balance and therefore it is perfectly impossible to find funds for any objects other than those which have been entered in the Budget. I sincerely wish that it were possible to add very largely to the sum provided for sanitation. For of course no one is for a moment disposed to underrate the importance of this object.

"I will refer to one more fact, Sir, and that is that quite recently, within the past three or four months, a separate Sanitary Commissioner has been appointed for the Central Provinces. Up to the time of his appointment the office of Sanitary Commissioner was combined with that of Inspector General of Civil Hospitals, with the result of course that to matters purely sanitary very little time and attention could be devoted. In the future it may be hoped that sanitary matters will receive more consideration, and at any rate we shall get rid of this difficulty, which we have experienced in the past, namely, that new projects could not be brought forward in a satisfactory form for want of adequate consideration and want of scientific advice. This defect we shall now remedy, and I hope that this circumstance in itself will lead to economical expenditure and will set free more funds to devote to this important purpose."

The Hon'ble Mr. CHITNAVIS:—"Sir, there is great need for improved sanitation in the Central Provinces, as the Administration Report for the year 1907-08 observes: 'There is still much room for improvement in municipal sanitation, and there are no less than nine towns in the province where the birth-rate is either less than or only slightly exceeds the death-rate. Overcrowding and want of drainage are the principal causes for this unsatisfactory position'. Plague is making havoc in the province, in spite of the most strenuous efforts of the local authorities. More money is urgently required, not only for the suppression of plague, but for sanitary improvements generally both in towns and in rural areas. I am glad the Hon'ble Mr. Phillips supports me in this view. His powerful advocacy of the Central Provinces cause fills me with hope that the Imperial Government will in future see its way to allow more liberal grants to the Local Government

for the purpose of sanitary improvement. I thankfully admit that the Government expenditure on this account has been progressive in the past, but much remains to be done; and it would obviously be to the public advantage to allow liberal grants to the Local Government which will be glad to strengthen the hands of the local bodies—Municipalities and District Councils—with substantial financial help. These are my reasons for supporting the Resolution moved by my friend the Hon'ble Mr. Mudholkar."

The Hon'ble MR. MESTON said:—"I have no desire to traverse the ground already covered by the Hon'ble Mr. Phillips, but certain remarks have fallen from speakers in the course of the debate on this as well as on the last resolution which seemed to indicate that there is a prevalent idea that the Government of India in its financial capacity has something to do with the narrowness of the grants which are available for this deserving purpose. The desire for increased expenditure on education or on sanitation or on medical help for the poor and helpless is a point which touches very closely the most generous instincts of the Council, both individually and collectively. But, Sir, it is a point which is sometimes pressed home with such fervour and such eloquence that the outsider may often be disposed to think that there are on this Council two opposing forces, that on the one hand you have the voice of the people as expressed by its representatives on this Council putting up a persistent and pathetic appeal for more education, for more sanitation, for better medical aid, and for many other deserving objects; and that on the other hand you have an unsympathetic and obstructive Government which is always refusing funds and blocking these beneficial schemes and showing itself deaf to the claims of humanity. I do not for a moment suggest that the Hon'ble Mr. Mudholkar shares these misconceptions; but there are misconceptions of this kind abroad, both in this Council and outside, and it is surely desirable to lay aside sentiment and consider the matter—as we have to do in this Council—from an entirely business point of view.

"Now as regards the Central Provinces, Sir, the Hon'ble Mr. Phillips has shown that neither education nor sanitation has been starved. The grant for medical aid in the Central Provinces four years ago was 5½ lakhs and for next year the Budget provision is 9 lakhs. There is no sign of starving here, and I am quite sure that there is no intention of starving sanitation or any other deserving object. It must be considered however what is the position of the Chief Commissioner in providing these grants. His position is such that it would be absolutely impossible for him to provide the funds, which I am sure he would gladly allot for these and many other deserving purposes, without landing his province in a state of bankruptcy. Mr. Craddock, I am sure, has chosen the wiser course. He recognises—and of course the Council will also recognise—how directly the difficulties of a province re-act upon the Imperial revenues. We saw last week how easily a province's needs may lead to the necessity for increased taxation, which falls not upon that province exclusively, but upon the whole Indian community. Now what has led to the difficulty in the Central Provinces? In 1907 the province was an extremely prosperous one: it had balances of close on 58 lakhs, and its expenditure was well within its current needs. The failure of the monsoon in the autumn of that year entirely altered the whole position. The province is now, at the present moment, in the possession of a balance of something like 13 lakhs, and it has only been able, with difficulty and with assistance from the Government of India, to budget next year for the prescribed minimum balance of 10 lakhs or thereabouts. Now this is altogether the result of what might have been a very protracted, a very disastrous, and a very costly famine. Skilful dispositions have averted the worst manifestation of that calamity, but the cost was heavy, and it has to be recognised that for next year a great crowd of demands must force themselves upon the Chief Commissioner's resources. Roads have been neglected during the recent scarcity, public buildings have had to be abandoned or postponed: he has had administrative needs in several directions to be deferred and put aside in the face of the imperative duty of relieving distress and saving life. It is the restoration of these administrative utilities which are now pressing their claims upon him. The adjustment of his resources to all these many growing necessities is his task. It is a task of delicacy and great difficulty, and I submit that this Council should entrust him with full discretion in entering upon this task,

armed as he is with a full and intimate knowledge of the best interests of the people of the province over which he rules."

The Hon'ble MR. MUDHOLKAR said :—"After what has fallen from the Hon'ble Mr. Phillips as to the administration being quite prepared when they are in a better position to spend more money, I do not wish to press my resolution. But there is one thing which of course I would like to say, and that is that I am quite sure that I never gave any reason for any misconception as to what my views about the action of Government in regard to this matter are. I have always admitted what is being done, what has been done all these years, but at the same time it is utterly inadequate in the Central Provinces and Berar. What I must say, Sir, is this. We do feel that our province does not get for its own purposes a sufficient amount out of the revenues found by it. That is a thing into which I cannot go at this time and I do not wish to waste the time of the Council; but I hope I have been able to show that we do not get an adequate return for what we contribute to the finances of the country."

THE PRESIDING MEMBER: "I understand that the Resolution is withdrawn?"

The Hon'ble MR. MUDHOLKAR: "Yes."

[*At this stage the Hon'ble SIR HARVEY ADAMSON resumed the chair.*]

CUSTOMS; POST OFFICE; TELEGRAPHS; STATIONERY AND PRINTING.

The Hon'ble MR. ROBERTSON said :—"I have to introduce the heads of Customs, the Post Office, Telegraphs, and Stationery and Printing. I shall ask you, Sir, to permit the Hon'ble Mr. Stewart-Wilson to introduce the head 'Post Office', and the Hon'ble Mr. Dempster the head 'Telegraphs'.

"With regard to the two remaining heads, I have not got very much to say. As to Customs, I would point out that all that we can discuss in this Council is the expenditure side of the Budget; and in view of certain remarks which fell from the Hon'ble Mr. Gokhale, I think on Friday last, as to the growth of expenditure in Civil Departments, I propose to allude to the fact that in the Budget for next year we estimate the Customs charges at 36 lakhs of rupees as compared with 32½ lakhs of rupees in the revised estimate of the present year. Practically the whole of this money is spent on establishments, and as this is one of the points which I understand the Hon'ble Member took up, I think that some explanation is required. The explanation is really this. In the past ten years the duties collected at the various ports have risen from 494 lakhs of rupees to 694 lakhs of rupees. During all that time the Customs establishments had remained practically untouched, and about a year ago the question came up for consideration from nearly all the chief ports of having a fuller and better establishment to deal with the increased work. At the same time the question was raised of giving better pay because of the greatly enhanced cost of living. So that this increased charge in respect of Customs is entirely due to the fact that the work has lagely increased, and at the same time we had to do something for the subordinates of the collecting establishments who had certainly begun to suffer because of the increased cost of living.

"With regard to Stationery and Printing, in view of the Resolution which stands in the Hon'ble Mr. Gokhale's name, I had intended to go in some detail into the figures, but as it is now getting late, I propose merely to say that the continued growth in the charges for both Stationery and Printing had already attracted the attention of the Government of India. During the last 8 or 9 months we have taken steps to try to reduce these very high charges on account of Stationery and Printing. The proposals which we have been considering have not yet all been given effect to, but a certain number of them have been introduced, and the result is that for the eleven months of the present year ending in February the decrease on Stationery is something like 4 lakhs, as compared with the expenditure in the corresponding eleven months of last year. In typewriters alone, which is a very costly item in all Government offices, the Stationery Department has been able to make a saving of no less than Rs. 1,60,000, due to the efforts that have been made all round to try to keep down expenditure.

"With regard to Printing, the item with which we are mainly concerned is the expenditure on the Imperial presses, and that is a very large item indeed; but it is obvious that you must have a big bill for the printing work of a great administration like that of India. And I may say in passing that the demands of this Council have, I understand, added very considerably during the past month to the bill, not perhaps altogether on account of the amount of work required but of the extraordinary urgency with which it is called for. As regards the printing presses we have been trying in various ways to reduce expenditure, so much so that we have been receiving complaints, to which we have given very little attention, that we are starving them. However that may be, we quite recognise that expenditure must be kept down and we are doing everything that we possibly can to achieve that end, and I trust that before long still further economies will be effected."

The Hon'ble MR. STEWART-WILSON said :—"Mr. Vice-President, I beg to introduce the consideration of the heads XIII Post Office and 15 Post Office, and, in doing so, I do not propose to take up more than a few minutes of the time of Council. The small but substantial surplus which for many years past the Post Office has regularly shown has, for the time, become a small deficit. This has been due to an unfortunate combination of peculiarly unfavourable circumstances. In October 1907 India was given the benefit of the cheapest rates of postage in the world, though the distances over which our mails have to be carried are far longer and more difficult than in most other countries. Naturally, the sweeping reduction in our rates of postage has led to a large reduction in receipts, for it takes time even in normal periods for the immediate loss to be made up by increased correspondence. We have not yet had this normal period. In its place we have had a period of depression in trade throughout the world and famine in India, from the effects of which we have yet to recover. Not only has this prevented our income from asserting its elasticity as soon as we had hoped, but, in spite of the most rigid economy, it has thrown on us largely increased expenditure of a temporary nature. The net result of the coincidence of greatly reduced rates with a period of hard times has been that a deficit has taken the place of our accustomed surplus. We may now, however, reasonably hope that the worst is past and that something better is in store for us in 1910-11 in the shape of such an increase in income and reduction in unusual demands as will bring our balance back to the right side. The work of the Post Office has, I am glad to say, gone on expanding satisfactorily, while we have been able to continue the task of gradually improving the pay and prospects of postal officials, more especially those of the humbler grades, which we have systematically persevered in for some years past."

The Hon'ble MR. DEMPSTER said :—"In introducing heads XIV and XVI Telegraphs, there are one or two points on which a few words of explanation may be of interest. The revised figures for the year 1909-1910 show a decrease of Rs. 7,20,000 under message revenue as compared with the Budget Estimate. This decrease is due entirely to State traffic and may be attributed to the orders which have recently been issued prescribing the use of the ordinary class as much as possible. The average value of a State message has fallen from Rs. 1·67 in July 1908 to Re. ·87 in October 1909. Since the Financial Statement was prepared further figures regarding the average value of a private message have become available, and it would appear from these that the average value has fallen slightly. It was Re. ·545 in July 1908, it rose to Re. ·56 in April 1909, and fell in October last to Re. ·54. In our estimate for 1910-1911 no increase of revenue from State messages has been provided and only three lakhs under Revenue from Private. The large increase in revenue expenditure in 1909-1910 over the previous year is due principally to the cost of the reorganization of the signalling establishment. The expenditure against Capital during 1909-1910 was smaller than usual owing to a large number of Railway works not being carried out. The proposed expenditure against Capital for 1910-1911 is chiefly for lines along railways and canals. We do not propose to do much construction for purely departmental purposes. The minus figures shewn against 'Net Revenue' are due to Capital expenditure as well as Revenue expenditure being shown against Revenue receipts. The Revenue receipts exceed the purely Revenue expenditure by £22,900. These figures do not include the

Indo-European ones. The estimated expenditure for 1910-1911 has been very closely scrutinised, and the figures budgetted for are the lowest possible compatible with efficiency."

The Hon'ble Mr. GOKHALE said:—"I beg to move the following Resolution:—

'That this Council recommends that the provision for expenditure on Telegraphs for next year should be reduced by £20,000.'

"Sir, my object in moving this Resolution is only to ask for information and not to offer any criticism. I would like to know what has been the financial effect of the changes that were carried out in the Telegraph Department last year. We were told then that those changes would result in a considerable saving. As a matter of fact their immediate effect has been the very reverse, as I find from the figures which have been supplied to us by the Finance Department. Whereas in 1906-1907 there was a net excess of receipts over expenditure of 30 lakhs excluding the capital outlay on telegraph wires, for the current year such excess is only three-quarters of a lakh, and for next year it is going to be only one lakh. The immediate effect therefore has been the very reverse of what we were led to expect. I quite recognise however that the changes that were carried out last year must take some time before they produce their full and real effect. Also it must be remembered that a revision of salaries of the establishment that has been carried out recently in all grades must be responsible for a considerable part of this increase. I would like to know how much such revision has cost. I would also like to point out that the practice of spending a considerable amount out of telegraph revenue as capital outlay on wires seems to be open to criticism, because it handicaps the department in making improvements, and it also handicaps the department in giving the public the benefit of growth of revenue. Moreover I find that there is no fixed principle which regulates this capital outlay on telegraph wires. The capital outlay has risen during the last six or seven years, though during the last two years it has been reduced. On this point I would like to make one suggestion, and that is that this capital outlay should be limited to the actual excess of revenue over expenditure. That would save the department from throwing an unfair burden on the ordinary resources of the country.

"Then, Sir, I would like to draw the attention of this Council very briefly to two complaints of which we heard so much last year. One was about the insufficiency of address: that has been more or less remedied, but I fear it has not been wholly remedied. The second one is still there, and that is the extra full charge that is made for redirecting a message; and this operates some times very harshly. I hope the department will see its way to set that right. I do not think the old practice was so very expensive. If there is a redirection to be made, the department should do it, as it used to do it, without any extra charge.

"There is one more thing which I would like to urge and then I will conclude. I think it would be desirable if the department could revert to the four-anna telegram. I know the analogy of the English telegram of sixpence was principally responsible for the six-anna telegram. But in England sixpence is a small, handy silver coin, and in India the coin corresponding to that is our four-anna bit. The six-anna telegram appears to be a little more costly than it should be. Of course I recognise that when we exceed 12 words, for every subsequent word the charge is less than what it used to be before. If the department could see its way to provide for a four-anna telegram of, say, 8 words, I do not think that will cause any loss of revenue. I understand the six-anna telegram has not been much of a success, whereas the four-anna telegram was, and will be again. This is all that I wanted to say."

The Hon'ble MR. ROBERTSON said:—"I wish to make a few remarks with reference to what the Hon'ble Mr. Gokhale has said. He has spoken in the first place about getting some further information as to the net results of the changes that have been carried out since last year. If my Hon'ble friend will allow me to ask him to do so, he might perhaps wait for a year before I make any such statement. The reason is that we are not yet very sure as to the allocation of the returns from postage stamps. Postage stamps are now used for telegrams as well as for letters, and as the division between the two departments of the proceeds from the sale of stamps is still somewhat doubtful, we cannot until we have settled that matter give anything more than an approximation to the telegraph revenue.

"With regard to the expenditure on the improvement of pay both in the superior and inferior ranks of the Department, Mr. Gokhale has asked if I can state approximately what this comes to. The total cost of raising the pay all round of the telegraphists in the signal offices was 5⅓ lakhs of rupees, and the scheme of reorganisation which has just been carried out for the superior officers of the Department, combined also with a scheme of decentralization, is to cost about Rs. 1,20,000. These measures have added very considerably to the outgoings of the Department. But in that connection I would mention that, as the result of the enquiries which were made last year, it has been found that the staff of the Department is over strength in the subordinate grades. We hope eventually to have the staff adjusted to the work to be done in the telegraph offices, and when that is finally worked out we fully expect that we shall be able to show some reduction in the cost of the establishment.

"With regard to one or two other points that Mr. Gokhale has touched on, I think he may take it that the question of telegraphic addresses has been settled; at any rate I can say that for several months past we have had no complaints regarding this matter. Another subject he mentioned was the charge for redirection of a telegram. The new rule is, I am aware, objected to, but it has been introduced on the analogy of the English practice, and I believe the same rule obtains throughout the Continent of Europe; that is, if you send a telegram from A to B and you want it to be redirected to C, then you have got to pay an extra charge. Here in India, however, if the two telegraph offices, that is, B and C, are in the same town, we make no extra charge, whereas in London, if a telegram is sent to Charing Cross and it is redirected to Kensington, you have to pay six pence. I see no prospect of Government going back to the practice of free retransmission which formerly obtained. I do not think there is anything further I need say on the Hon'ble Member's remarks. I do not quite understand whether he wishes to press his resolution."

The resolution was withdrawn.

STATIONERY AND PRINTING.

The Hon'ble MR. GOKHALE said:—"I beg to move the following resolution:—

'That this Council recommends that the provision for expenditure on Stationery and Printing for next year should be reduced by two lakhs of rupees.

"I really do not know that it was necessary for me to move this resolution after the remarks that were made by the Hon'ble Mr. Robertson when he introduced these heads. He has practically admitted the correctness of all the contentions which I wanted to submit to the Council, and therefore I really have not much more to say. Since, however, I have moved this resolution, I may as well mention one or two facts. Taking the Imperial section of expenditure for the last five years, we find that the increase has been from under 15 lakhs to over 20 lakhs. That means an increase of 25 per cent. in five years. This is really a very large increase. Again this morning I consulted the figures for the last 12 years and I find—the figures of the Imperial section alone were not available to me—the cost of stationery and printing of the whole country during the last 12 years has risen from under half a million to over three-quarters of a million sterling, which means an increase of more than 60 per cent. in 12 years. Now, Sir, we were all told that during Lord Curzon's time there was a great reduction in correspondence and report writing. One would have therefore expected that that reduction would have resulted in a reduction in the cost of printing and stationery. As a matter of fact, however, we find that this cost is going up by leaps and bounds. However, it is satisfactory to note that the matter has already attracted the attention of Government and that steps are being taken to bring about a reduction in these charges."

The resolution was withdrawn.

RAILWAYS.

The Hon'ble SIR T. R. WYNNE:—"Sir, the Financial Statement which has been placed before Council clearly indicates the broad financial results of railway working for the year 1909-1910 and the estimated

figures for the year 1910-1911, but it may be of use and interest to the Members of this Council if I touch upon some points of detail in connection with them.

"The first point I should like to draw attention to, under the head of capital expenditure, is the very large proportion of the funds available which have been devoted to open line works during 1909-1910 and which have been allotted to the same class of expenditure for 1910-1911.

"The importance of this class of expenditure from the financial point of view is that it is expenditure which does not necessarily return the same interest as if the capital used was spent on constructing new lines of railways. Some five years ago it was realized that sufficient money was not being spent on open lines to enable them to meet the steady development of trade that had been going on. The demand of trade for ready and better transport had increased beyond the capacity of the Railways to deal with it, and there was a great outcry as to the shortage of rolling stock. The difficulties however that had arisen in meeting the demands of trade were not entirely due to shortness of rolling stock but were largely the result of inadequate facilities to enable rolling stock to be fully used or in other words more open line works were required.

"Open line works, it may be useful to explain, comprise additional rolling stock, doubling of lines, remodelling station yards, strengthening permanent-way and bridges to take heavier loads, staff quarters and all improvements and developments of a line, the cost of which is debitable either wholly or partly to capital.

"It is clear that such expenditure, however necessary it may be to enable a railway to deal with increased traffic, is not always of a very productive character at least immediately, and this has had its effect on the net financial results of working State Railways.

"I think, however, that this class of expenditure will tend to diminish appreciably at no distant date, and it will be possible to devote more money to the construction of new lines in the future.

"My reason for saying so is that when you spend money on improving the facilities of a railway you cannot provide only the precise addition you require to meet the existing needs of traffic; you must provide something more. It would be economically unsound to do otherwise. Take for instance a single line of railway. You have brought it up to a standard which will enable heavy locomotives to run and big loads to be hauled over it and you have put in as many crossing stations as you can, and yet the line cannot satisfactorily deal with the traffic offering. The only thing then to do is to double it. When it is double the capacity of the double line is very many times greater than the single line and you have provided a facility that will not require to be added to for years.

"Take another case, that of remodelling a big junction where the accommodation is so limited as to delay the marshalling and despatch of through trains. Here again a scheme has to be provided which is in excess of immediate requirements and which will not require to be added to for some years being capable of dealing with a steadily increasing traffic.

"Railways have also been short of staff quarters, the proper housing of staff being an important matter to keep men contented, and considerable additional quarters have been and are still being provided.

"The expenditure of large sums on open lines during the last few years has enabled many facilities to be provided which will be sufficient for many years to come and has largely increased the capacity of railways to deal with the traffic to be carried so that a decrease in such expenditure should automatically occur.

"For these reasons I think that in a few years it will be possible to allot a substantially larger share of the capital available to the purpose of building new lines, the allotments to open line works being proportionately reduced.

Revenue Account.

"Turning now to Revenue expenditure. You have before you the financial results for the current year of the working of the Railways of India in which the State is interested. They present a very much more favourable appearance than the figures for the year 1908-1909.

"Comparing the two years 1908-1909 and 1909-1910 the figures show that during the year 1909-10 the gross receipts have increased by Rs.2,72,48,000, while working expenses were less by Rs. 1,15,63,000; the loss of Rs. 1,80,71,520 on the working of 1908-1909 being converted into a profit, after meeting all charges of Rs. 1,29,15,000 for the year 1909-10.

"A consideration of these figures naturally suggests the question as to what has been the cause of this satisfactory improvement. There are two reasons. The first is that during 1909-1910 there has been a marked recovery from the depression in trade which occurred during the year 1908-1909 and which most seriously reduced the receipts of Indian Railways, and the second is that for the year 1909-1910 the Railway Board have insisted on more economical methods of working being adopted, a more moderate programme of works of improvements and renewals being carried out and a more efficient though broad control over expenditure being introduced.

"Arising out of the first reason the criticism may be made that if gross receipts were falling off so much in 1908-1909 why were not working expenses reduced in proportion. The answer is that railway expenditure in working is not susceptible of wholesale reductions at short notice. By the time the trade outlook for a year from the railway point of view declares itself the financial year is well advanced and commitments have been entered into both in India and in England for stores and materials. The line and works must be maintained and the rolling stock kept in working order.

"Practically a railway has a big figure of 'fixed charges' which it must incur though its traffic varies between a maximum and a minimum. At the same time the large sums spent by Railways in working expenses in excess of sanction during 1908-1909 in face of heavily falling receipts indicated that railway administrations were not fully alive to making such economies as might have been possible and that there was room for improvement in the audit control of expenditure to prevent unauthorized expenditure being entered into and expenditure over sanctions being incurred.

"The Railway Board, therefore, issued instructions which the results of this year's working have shown to be well adapted to the purpose for which they were designed, *viz.*, to keep the Revenue expenditure of each Railway within the provision allotted to it and to prevent expenditure on unsanctioned works. The carrying out of these orders has not impaired the efficient working and maintenance of either the State or Company-worked Railways, the proper maintenance and good order of which for the year 1909-1910 has been duly certified to by the responsible officers of each Railway administration and by the Government Inspectors.

"This action of the Railway Board has been the subject of attack by some of the Boards of Directors of Indian Railway Companies in London at recent shareholders' meetings. At these meetings the Railway Board have been charged with issuing orders which would deprive the Boards of Companies of all control in managing their affairs and make it impossible to efficiently administer the Railways entrusted to their care, the deduction being that shareholders' interests were being very much prejudiced.

"I deny the accuracy of these charges, and the possibility of the results anticipated cannot be substantiated by detailed reference to the orders the Railway Board have issued.

"In the matter of economical Railway working the interests of shareholders and the Government of India are identical, and this opinion has been recently admitted by one of the largest Indian Railway Companies in a recent letter to Government.

"Government holds a predominant share of the capital of practically every Indian Railway Company and is consequently very largely interested in the net receipts earned. In deciding on any measures, therefore, necessary to secure sound working and improved net receipts the Government of India approaches the question from the same standpoint as the shareholders and is not likely to take action prejudicial to a shareholder's interest.

"The main demand made by the Railway Board is that each Railway administration should prepare estimates showing the amount required to be spent on the working expenses of a railway for the financial year and insisting, after the Railway Board have approved of a lump sum figure based on details left

entirely to each Company, that no expenditure shall be incurred in excess of this figure without their sanction, leaving entire freedom to each Company to spend the lump sum amount so sanctioned according to the detailed estimate each railway administration had itself proposed.

"The orders issued by the Railway Board are strictly in accordance with the provisions of the Companies' contracts, and judging by their expenditure on working expenses during 1908-1909, when these orders were not in force, they appear to have been very necessary.

"Taking now the estimated figures for 1910-1911 it will be seen that the net results anticipated are less than have been earned for the year 1909-1910.

"Larger gross receipts have been estimated for, but working expenses are higher. With regard to gross receipts the experience of 1908-1909 has shown the large variation possible, and a cautious estimate seems advisable.

"Rains have been good and prospects are promising, but produce does not seem to be moving as it should. The reason for this it is difficult to ascertain. Railway Managers say the year 1910-1911 should be a good one and Railways should now be doing a large business, but traffic is not as brisk as could be worked. For this reason gross receipts have been estimated lower than perhaps the favourable rains might appear to justify.

"With regard to expenditure, in addition to funds required for works of the nature of improvements partly debitable to Revenue, provision has been made for more 'renewals'. 'Renewals', it may be explained, fulfil two purposes; the first is the replacement of rolling stock and works which are not capable of further economical use, and the second is in the direction of betterment.

"The amount that is spent annually on renewals is not based on any hard-and-fast lines and varies according to circumstances. The provision of a reduced figure of renewals for a year is not an uncommon occurrence in railway working and companies have been permitted from time to time to adopt this course when circumstances justified it, the leading consideration being that to ensure that a line is being properly maintained reductions in renewals may be made occasionally but should not be made for any long continued period.

"These items, together with the additional expenditure required to earn the increased gross receipts anticipated, account for a major part of the increased expenditure provided for.

"In his speech, when submitting the Financial Statement, the Hon'ble Finance Member urged the financial danger of appeals by this Council for additional funds which the finances of India cannot produce without casting additional burden upon her people. I earnestly hope that this advice will be accepted, as it will result in Railway matters being treated by this Council on the basis that Railways, both State and Companies, should be worked as commercial propositions and not as philanthropic institutions. As indicating the large interest held by Government in co-worked lines, taking the six largest Indian Railways worked by Companies and excluding debentures, the capital subscribed by shareholders is 20 millions as against 100 millions held by Government."

The Hon'ble MR. GOKHALE:—"Sir, I beg to move that 'this Council recommends that the provision for the working expenses of State Railways for the next year should be reduced by one crore of rupees.' Sir, I wish it had been possible for me to act on the suggestion which was just now thrown out by the Hon'ble Sir T. R. Wynne, namely, that I should withdraw this resolution as I have done in the case of the two preceding ones. Unfortunately, I am unable to do so. Indeed, so far from withdrawing it, I fear I shall have to ask the Council to divide on it.

"In moving this resolution, Sir, I beg leave to express, if I may presume to do so, my sympathy with the Railway Board for the fact that they seem to stand between two fires. Judging from the speech of the Hon'ble Member, I find that the railway administrations as represented by their Boards in London are complaining about the control exercised by the Railway Board. We, on the other hand, in this Council, some of us at any rate, are inclined to complain of the manner in which the working expenses have been allowed to go up. Of course I am a mere outsider and a layman. I cannot go into the technical portions of this railway administration; but I can look at railway finance in a general way; and looking at railway finance in a general way, I have come to certain conclusions which I would like to lay before this Council. There is no doubt that this railway finance

has been responsible during the last three or four years for the deterioration in the country's financial position. We find that in the year 1906-1907 the net profit from railways which the country derived was about £2⅔ millions; in 1907-1908 it was about £1½ millions. In 1908-1909, instead of a net profit, there was actually a deficit of £1½ millions; during the current year there was a gain of about £860,000; and during the next year probably under half a million is expected to be realized as profit. The position, therefore, in five years has come down from £2⅔ millions to about half a million profits, and that naturally must set us thinking. I have looked into the figures somewhat closely on that account, and I find that there are certain things which require explanation. The first thing that strikes one looking into these figures is the extraordinary growth of working expenses during the last five years, *i.e.*, since the Railway Board came into existence. The Railway Board came into existence in 1905, and the working expenses have been going up steadily from that year. I have consul ed the figures for 15 years from 1890 to 1905, *i.e.*, up to the date the Railway Board came into existence. The working expenses during that period were between 46 and 48 per cent. of the gross receipts uniformly. There was only one year in which the proportion was 49. Otherwise, throughout, the proportion was 46, 46½, 47 and up to 48. From the time that the Railway Board however came into existence—from its very first year,—this proportion has been going up. After the proportion had been stationary for 15 years we find in 1906 the proportion rose to 50; from 47 or 47½ it went up to 50; in 1907-1908 it went up to 57·5; in 1908-1909 it went up to 62 per cent.—that was a year of deficit. In 1910, the current year, it is 55·3, and for the next year it is expected to be 56·6. Now, I cannot understand why if for 15 years they were satisfied with 47 or 48 per cent. of gross receipts for working expenses, suddenly there should have been this increase, and they should now ask for 7 or 8 to 12 per cent. more according as you take the year. This certainly requires an explanation. Of course I am quite sure that the money is being well spent, that the money is being spent on improvements, and the Hon'ble Member will no doubt justify this in the name of efficiency. Well we have often heard in this Council of efficiency—we used to hear of it from various quarters during the last five or six years. There has been so much more spent on the Army, also on Civil Departments, all in the name of efficiency. I quite admit that efficiency is desirable, but there must be a limit, even to efficiency. As Lord Salisbury once said 'all efficiency must be relative,' that is, it must take into account not merely the requirements but also the resources of the people for whom you are going to secure that efficiency; and considering that India is a poor country, I think that the Railway Board might be satisfied with a lower standard of efficiency than what it is evidently aiming at. I think there should be a definite proportion beyond which they should not go in the matter of working expenses. If the railway administrations of this country were satisfied with 47 to 48 per cent. for 15 years, I do not see why the Railway Board should not impose a similar limit upon itself. It may go a little higher if necessary, but I think beyond 50 per cent the working expenses should not be allowed to go in any particular year. If anything like that were to be done from next year, as you estimate your revenue at 44 crores, your expenditure would be 22 crores or somewhere there, and you would have about 3 crores for the Finance Minister; and I am quite sure that he would not have put upon us the extra taxation that he did the other day. Then there is another point to which I want to draw the attention of this Council, and that is this; that for the last four years the Board or those who are responsible—because I am afraid it is the railway administrations that are carrying out unauthorised works, who are really responsible—in any case we have to hold the Board responsible in this Council and the Board will hold the administrations responsible in its turn—but for the last four years we find that the budget is being systematically exceeded in the matter of working expenses. In the first year it was only a slight excess. In 1906-1907 it was only an excess of 10 lakhs; in 1907-1908 the excess was 2¼ crores; in 1908-1909 it was 2½ crores over the budget allotment for working expenses. This year, owing to the great row that was made, there has been of course a great decrease in this excess, but still there is an excess of 11 lakhs. Now I think that this is a thing to which exception must be taken. I think it is most objectionable that the budget allotment should be exceeded in this manner. I think in this matter I could not do better than quote the words which were employed last year by His Honour

Sir Edward Baker in speaking of this question, namely, that the Railway Board had been exceeding its budget in the matter of working expenses. This is what His Honour said. Possibly he used sharp language because his own budget had been upset. I will read the language that he used :—

'I am constrained to say that the explanation presented in the memorandum of the Railway Board seems singularly inadequate. Something is doubtless due to the cost of coal, though we are not told what it amounts to. Grain compensation is said to amount to 23½ lakhs or £157,000, *i. e.*, less than $\frac{1}{10}$th of the total excess. Floods on the North Western Railway are called in to account for some unspecified part of the remainder; but I seem to remember hearing of similar floods for several years before on that line. A great deal is attributed to repairs and renewals, and we are told that commitments have been entered into which could not be stopped. I will not stop to consider the question whether any railway administration is at liberty to enter into commitments of this kind which cannot be modified or contracted if the ensuing year is one of deficit. But I do affirm without hesitation that any administration which contemplates doing so is bound by all the canons of finance and commonsense, to provide for the corresponding expenditure in its estimates, and in the present instance we have to face the plain fact that the working expenses, in spite of a heavy reduction in the traffic carried, have exceeded the estimates by not much less than a million and a half.'

"This is strong language, but it is not mine; it was used by one who had been Finance Minister for four years, and I am quite content to leave the question as it is there between Sir Edward Baker and the Hon'ble Sir T. R. Wynne.

"I think that, just as there must be a certain definite proportion beyond which working expenses should not be allowed to go, so also it must be definitely and distinctly laid down that under no circumstances whatever should the budget allotment for working expenses be exceeded. I think that the Finance Department has a right to expect that, and that the Council, as interested in economy, has also a right to expect it.

"Having made these two complaints, I would now like to make a suggestion, and that is that I think it would be very desirable if State railways were managed by the State instead of their being managed by Companies. I know this is a question about which there is a difference of opinion, but apart from other things—whether the thing would be immediately more costly or less costly, on that I have heard two opinions—there is one distinct advantage which I claim for this, and that is that in the end State management will be more economical. You compare the ordinary public works list—the personnel of the Public Works officers with the personnel of railway officers. Throughout you will find a practical exclusion of Indians from the higher ranks of the railway service. Whereas in the Public Works Departmemt a considerable proportion consists of Indians, in the railway service it is only here and there that you find an Indian : for the most part Indians are carefully shut out. Now, if all these railways were managed by the Government, the Government would in the first place be more sympathetic with our aspirations than Boards sitting in London, and secondly the Government would be more responsive to any pressure of opinion put upon it. The Boards being in London, we may say what we like, they go on doing what they please and the agents here must obey their directors there. Therefore, as long as the management is in the hands of Companies, the exclusion of Indians from the higher ranks of the railway service must continue, whereas if the management were to pass over to the Government, there would be a more steady employment of Indians in the higher ranks of the service, and this in due course is bound to lead to greater economy in the management of railways. I move the resolution which stands in my name."

The Hon'ble SIR T. R. WYNNE said:—"Mr. President, the Hon'ble Member has put before this Council his reasons why a reduction should be made of one crore of rupees in the estimate of working expenses of railways for next year. With your permission I will now give my reasons why this reduction should not be made. The smaller net surplus of this year compared with the results of previous years is not due to extravagant management and an unjustifiable increase in working expenses.

"The reduction in net surplus is due to quite another cause, *viz.*, the large expenditure that has been incurred in improving open lines of railway so that they might be able to deal with the traffic they had to carry in a more reliable and expeditious manner. Capital spent on such expenditure is slow in returning a fair interest on its investment, and it is mainly the interest on this

capital and the proportionate share of expenditure debitable to Revenue as working expenses on account of these improvements which had reduced the net surplus to its present figures.

"To enable this Council to understand this more clearly I would refer you to the Railway Revenue Account on page 81 of the Financial Statement and draw your attention to the two net results given therein, *viz.*, Net Revenue and Net Results. Net Revenue is arrived at by deducting working expenses from gross receipts.

"From the figures I have referred to you will see that the Net Revenue earned for the year 1909-1910 is practically the same as was earned for the year 1906-1907, *viz.*, 12½ millions of pounds; at the same time the Net Surplus Result after meeting all charges besides working expenses is £900,000 as against two millions for 1907-1908.

"Now, when you compare the Net Result for the two years and dive into the items included in the Net Surplus Result you see at once where the money has gone.

"The net result is arrived at by deducting from the Net Revenue the cost of redemption of capital, interest on debt and advances and sinking funds, and it is the increase under these heads that has produced the lower surplus for 1910-1911 as compared with past years and not an enormous increase in working expenses.

"Comparing the figures for 1909-1910 with the actuals of 1907-1908 you will see that annuity payments account for an increased expenditure of about half a million, the balance being interest on debt. The cause of this increase in interest without a commensurate increase in gross receipts is, as I have stated, because capital spent in improving open lines of railways is slow to return its full interest and does not respond in the same way as capital spent on new lines.

"Previous to 1900 the greater part of the capital funds available under the programme were spent in building new lines of railways and little was spent on open lines in the way of additional facilities to enable them to deal with increasing traffic, and in 1900 the Secretary of State ordered that a larger provision should be made for open lines. This was done, but it was not sufficient to enable railways to keep pace with trade. A few years ago the service railways were giving was so unsatisfactory that Mr. Robertson was brought out from England in 1901 to report on the whole question of the management and working of Indian Railways.

"In his report made in 1903 he stated that—

> 'Notwithstanding the increase in the grant for improvements, all the railways of India without exception are in some respect or other very much behindhand in the provision of adequate protection and facilities for their traffic';

and again—

> 'The fact of the matter is that railways were so seriously limited in funds during many years while traffic was increasing that they are seriously behindhand, and a very large outlay will be necessary for some years to come if they are to even keep pace with their business.'

"These opinions were endorsed by the Mackay Finance Committee's report in 1908.

"The Board from their own personal knowledge held the same opinion, and whereas before they were instituted the grant for open line works was only 5 crores per annum, they provided:—

in 1906-1907	9 crores.
„ 1907-1908	10 „
„ 1908-1909	11½ „
„ 1909-1910	13 „
and propose for 1910-1911	12 „

"Taking the expenditure during the year 1908-1909 and 1909-1910 on these works, the interest on this amount comes to a crore of rupees a year. A very large part of the earlier expenditure on open lines was invested in rolling stock which is quicker to return interest in its course, whereas the later expenditure has been on works and renewals which are slow to return interest on their cost.

"When the Railway Board were first instituted during the busy time of a year they used to be inundated with complaints from all sides of merchants being

unable to keep their engagements owing to the delay in the transport of merchandise of all kinds to destination. I think I am justified in stating that the capacity of open lines has been enormously improved. Railways, as they now exist, are in a very much better condition for meeting the demands on them, and the former complaints to the Railway Board are now very seldom received.

"Although the reduced surplus is, as I have shown, not due to 'exaggerated 'working expenses,' it would be useful to make some remarks about them generally.

"When money is being spent on improving a railway the whole cost does not fall on Capital as Revenue has to bear a considerable share of the cost of improvements as working expenses.

"Working expenses are divided into two distinct heads, *viz.*, 'operating' expenses and improvements which include renewals and which are generally termed 'betterments'.

"Operating expenses have tended to increase inasmuch as the cost of labour and wages have risen, the use of continuous brakes is becoming more extended, interlocking has become more necessary, and generally a better service has to be given to the public including much greater comfort for the third class passengers which has to be paid for. I do not see how heavy reductions can be made under this head. If heavy reductions were made, a large proportion would probably fall on the staff. Now, Indian Railways employ some 525,000 men, of whom 508,000 are Indians, and the practical result of the adoption of the Hon'ble Member's resolution would be at once to throw out of employment a large number of his countrymen, and in light of this unexpected contingency the Hon'ble Member may, perhaps, wish to withdraw his resolution.

"It is under the head of betterments that the great part of the increase has occurred, and this rise was foreseen by the Railway Board. In 1905 they pointed out there would be a rise in working expenses and gave their reasons for this opinion, *viz.*, the necessity for improving railways so as to give better service to the public.

"They have reiterated their opinion every year since 1905, and their statements can be found in the annual note they presented on the working of Indian Railways which was published with the annual Financial Statement and is also printed in the Railway Board's Annual Administration Report.

"In light of these remarks, Mr. President, I submit that there has been no serious rise in working expenses that can be attributed to extravagance in operating expenses, that the cause of the smaller surplus in net results of Indian railway working is due to the cost of bringing railways up to the standard now necessary in order to enable them to satisfactorily carry on the trade of the country, and that if a larger surplus of net results is required it can only be secured by stopping expenditure on improving Indian railways and not by reducing operating expenses.

"The point, therefore, on which this Council has to decide in order to deal with the resolution is whether they prefer the railways of India to be made fit to deal with the traffic of the country or prefer that difficulties and delays in the transport of goods with its consequent loss to merchants should continue indefinitely.

"Railways are now working at a profit after paying all working expenses, interest on debt, and capital redemption charges. From the point of view of trade, it seems to me there is every reason why the policy of improving existing lines so that they should be able to meet all demands on them should receive the support of this Council.

"I move, therefore, that the resolution be not accepted."

The Hon'ble MALIK UMAR HYAT KHAN said:—"First when I thought that my Hon'ble friend Mr. Gokhale was going to withdraw the resolution I was so pleased, but now that he is pressing it I feel it my duty to say something on it. Punjab is a country where we have got any amount of surplus grain which must be shifted. If we cannot sell it, we cannot do anything with it. We keep sufficient to eat, but the rest we have to send to some other country to get money, and that money of course we have to pay to Government as our revenue. Of course rolling stock is one of the things that will take our grain off from the country, and if we have not got rolling stock it will be a great difficulty for us.

There are lots of colonies springing up and of course directly the land is irrigated and ploughed, etc., it has got a yield and that yield ought to be sent to another Province where it is needed, for this rolling stock is required. In a country which yields all this grain of course there it cannot all be consumed, and if rolling stock was not kept, it would be very bad for the Punjab in particular. So I am sorry that I have to oppose this resolution, because if we do not send the grain at once, there is a sort of little insect which eats it up. We cannot store it; we have not got godowns; we have not got any place to put it; and we have to give notice to the merchants to buy it, and they won't come because they do not get rolling stock from the railway, and that is the cause that they do not take it."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA said:—"I did not wish to say anything in connection with the resolution before us, because the Hon'ble Mr. Gokhale has made out such a clear and strong case as to render further discussion in support of the resolution unnecessary; but the remarks made by the last speaker compel me to say a few words. Now, Sir, no suggestion has been made that there should not be railways enough in the country to enable people who want to export their grain to do so. Nor has any suggestion been made that there should be a stop put to the construction of railways. The whole point is whether the expenditure which is being incurred on them, whether the working expenses is not too much, whether the proportion of it to the net profits earned is justifiable or not. There is a large body of opinion which holds that it is not. It may perhaps be conceded by the Hon'ble Member who spoke last that, besides those who have to export grain, there are a lot of other people in this country who have to bear the burden of taxation, and who are concerned in the expenditure that is incurred, who ought to have a voice in this matter, and it is in their interest that the expenditure on railways should be cut down. Efficiency, as my esteemed friend the Hon'ble the mover of the resolution has pointed out, might be purchased at too heavy a cost, and I feel that there is reason for an inquiry being instituted, a close inquiry being instituted as to whether the amount of expenditure that is being incurred at present is necessary or justifiable. The working expenses of the railways have been increasing at too high a rate, and they ought not to continue to increase. With these few words I support the resolution which has been moved by the Hon'ble Mr. Gokhale."

The Hon'ble MR. GOKHALE said:—"I would like, Sir, to make a brief reply to the observations that have fallen from the Hon'ble Sir T. Wynne. He pointed out that in 1909 the net earning under Revenue, as it is called here, was 12·43 millions, which was virtually the same figure as what you have in the accounts of 1906-1907, namely, 12·52. Now that is quite true. But the Hon'ble Member should not have left out of consideration the fact that between those years a large amount had come to be spent as capital outlay on railways, and there must be interest on that capital expenditure. Therefore, the very least that the year 1909 should have shown to be regarded as equal to 1906 was to show the same net amount of revenue as 1906, plus the interest on the capital expenditure during the three years. Well, I find, looking at the amount of interest on debt, that in 1906 the interest on debt was 5 millions, whereas in 1909 the interest is 5·67; that is, two-thirds of a million roughly represents the interest on the additional amount that had come to be expended as railway capital. Now, if only these railways had earned this two-thirds of a million more, under the net earnings, instead of having only £760,000 as our profit last year, we should have had nearly a million and a half. Therefore, I do not think that point really helps the Railway Board very much. The Hon'ble Member also said, 'if you want improvement, you must pay for it. We no doubt want improvement, but not at this rapid pace. We shall be quite content with a slower pace of improvement provided it does not cost us so much. Of course, if double the revenue that the Hon'ble Member gets at present were placed at his disposal, I have no doubt he would employ it easily, and we should have a most perfect system of railways. The question is whether the country can afford it. The Hon'ble Member also said that, if this resolution were pressed, it would be necessary to reduce the operative part of the expenses, and that might mean the dismissal of a number of my countrymen. Well, I am not really frightened by that. I find on looking up the lists here, that most of the men in the higher branches at any rate are the Hon'ble Member's countrymen and not mine, and if he were only to dismiss my countrymen, well, he would not get

much out of that. If he wants to make a substantial reduction, he will have to get rid of some of his own countrymen.

"I will say only one thing more, and that is with regard to what the Hon'ble Malik Umar Hyat Khan said. The Hon'ble Member's faith in everything that the Government does is most touching: he stands by the Government even where the Hon'ble Sir Edward Baker criticises it. Nobody ever said that the grain in the Punjab should not be carried; the question is whether the expenditure which the Railway Board is incurring, whether all this increased expenditure, was required. I have already pointed out that since the Railway Board came into existence the working expenses have steadily risen, and no reply has been given to that. Of course improvements I understand are required, but why should these improvements have suddenly become necessary on this scale during the last five years, when we had gone on without them for the last half century? I am sorry I must say that I am not convinced by what the Hon'ble Member has said, and I must therefore ask that this resolution be put to the vote."

The Hon'ble SIR T. R. WYNNE said:—"It is precisely because working expenses have been so low in former years that the percentage has risen during the last five years, the increase being due to the money that is being spent in improving Railways up to modern requirements.

"Trade during the last few years has enormously developed and railways under low working expenses were not keeping pace with trade expansion and had been starved. I have been endeavouring in my former remarks to explain this, but do not appear to have been understood. I gave quotations from Mr. Robertson's report and also showed by reference to a report just received from the English Board of Trade that the position of India in this respect was not an exceptional one, the Railways of Austria and Hungary having fallen behind trade requirements and requiring to be improved and brought up to date in the same way as Indian Railways.

"The Hon'ble Member made a point about the Railway Board fixing the high standard up to which railways were to be improved.

"The Railway Board does not fix the standard. It is the public and trade of the country who fix it. The passenger, especially the third class passenger, is always wanting better accommodation. He wants more trains and a faster service. The merchant wants his goods rapidly delivered to save demurrage on his ships. The up-country dealer wants wagons at once so that he can get his goods consigned and fulfil his contracts to shippers and draw on them for his money.

"A famine occurs; the Local Government demand immediate transport of grain from one part of India to another; and if any delay arises the Railway Board are held to blame for it. With the high prices obtainable also in such cases the grain dealer wants immediate transport and joins in the demand.

"I can assure you that the Railway Board do not go about saying they would like this and that done, because it would be nice to have it. They do nothing of the sort. It is the public which fixes the standard and which has obliged the Railway Board to spend more money in working expenses.

"Constant references are made in the newspapers of the disgraceful way in which delays occur in transporting goods or to sufficient accommodation not being provided and to the want of a better service, for all of which the Railway Board are held responsible. Demands for improvement having been made, the Railway Board is expected to provide the remedy quite irrespective of course of the money that has to be spent.

"Take the case of the third class passengers being carried in covered wagons which is a perennial grievance and had caused the building of a lot of carriages seldom used. Personally, I think a covered goods wagon has several points in its favour as passengers can lie down and sleep and there is plenty of room for their things. Now, perhaps the Hon'ble Mr. Gokhale will move a Resolution that no third class passenger is ever to be carried in a covered goods van any more. Well, that would mean the Railway Board would have to spend some crores of rupees to build enough third class carriages sufficient to deal

with the transport of the hundreds of thousands who attend some of the big melas. The result would be that the majority of these carriages would be only used for at most a month in the year, the interest on their cost being a permanent charge under the head of interest and seriously affect the net result of working Indian Railways.

"The Hon'ble Member has pointed out that the net revenue return for 1910-11 ought to have been higher than for 1907-08 as so much more capital had been spent on which interest was earned.

"I have already endeavoured to explain what a large amount of capital has had to be spent on improving open lines and laid stress on the fact that capital so spent is slow in returning a good interest.

"Take Howrah station for instance. Seventy lakhs have been spent on it. It was absolutely necessary to build it, but where is a good return on this expenditure to come from? Again, larger and better waiting sheds are being demanded, new workshops are being built, and numberless instances can be given of expenditure that must be incurred but which is slow in returning its interest.

"If the Railway Board are to cut down working expenses to the level of the past as desired by the Hon'ble Member, this Council will be inundated with questions regarding the inefficient service railways are giving the country and resolutions demanding improvements will be passed.

"The Hon'ble Mr. Gokhale has advocated the working of railways by the State instead of by Companies. I cannot now enter into that question. It is a big question all over the world. But I would remark that Railway Companies have long contracts with the Secretary of State, and however much you might desire to carry out such a change, there would be practical difficulties in the way of doing so."

The Council divided:—

Ayes—11.

The Hon'ble Pandit Madan Mohan Malaviya.
The Hon'ble Raja Sir Ali Muhammad Khan.
The Hon'ble Mr. Sachchidananda Sinha.
The Hon'ble Mr. M. Mazharul Haque.
The Hon'ble M. R. Ry. Nyapathy Subba Rao.
The Hon'ble Mr. G. K. Gokhale.
The Hon'ble Rao Bahadur R. N. Mudholkar.
The Hon'ble Mr. M. B. Dadabhoy.
The Hon'ble Mr. G. M. Chitnavis.
The Hon'ble Raja Pramada Nath Ray of Dighapatia.
The Hon'ble Mr. Mahomed Ali Jinnah.

Noes—34.

The Hon'ble Mr. J. O. Miller.
The Hon'ble Sir Guy Fleetwood Wilson.
The Hon'ble Mr. S. P. Sinha.
The Hon'ble Major General R. I. Scallon.
The Hon'ble Mr. R. W. Carlyle.
The Hon'ble Mr. L. M. Jacob.
The Hon'ble Mr. B. Robertson.
The Hon'ble Mr. J. S. Meston.
The Hon'ble Mr. J. B. Brunyate.
The Hon'ble Sir H. A. Stuart.
The Hon'ble Mr. S. H. Butler.
The Hon'ble Malik Umar Hyat Khan.
The Hon'ble Zulfikar Ali Khan.
The Hon'ble Mr. M. W. Fenton.
The Hon'ble Mr. F. A. Slacke.
The Hon'ble Mr. J. M. Holms.
The Hon'ble Mr. C. H. Kesteven.
The Hon'ble Mr. C. G. Todhunter.
The Hon'ble Surgeon General C. P. Lukis.
The Hon'ble Mr. H. W. Orange.
The Hon'ble Mr. J. M. Macpherson.
The Hon'ble Mr. J. Andrew.
The Hon'ble Mr. H. O. Quin.
The Hon'ble Kanwar Sir Ranbir Singh.

Ayes—11.

Noes—34.

The Hon'ble Mr. W. C. Madge.
The Hon'ble Sir Sassoon David.
The Hon'ble Mr. F. A. Th. Phillips.
The Hon'ble Mr. F. C. Gates.
The Hon'ble Maung Bah Too.
The Hon'ble Mr. P. C. Lyon.
The Hon'ble Mr. C. Stewart-Wilson.
The Hon'ble Mr. F. E. Dempster.
The Hon'ble Sir T. R. Wynne.
The Hon'ble Colonel F. B. Longe.

So the resolution was rejected.

The Council adjourned to Friday, the 18th March 1910.

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

CALCUTTA;
The 21st March, 1910.

SPEECH OF THE HONOURABLE FINANCE MEMBER INTRODUCING THE BUDGET FOR 1910-1911.

I rise to present to the Council the Budget of the Government of India for 1910-1911. What I laid before the Council on the 25th February was the Financial Statement, which the rules define as our preliminary financial estimates for the ensuing year. What I now submit is the Budget proper. It consists of our estimates in their final form, as revised in the light of our latest information and the discussions which have taken place on the preliminary estimates in this Chamber. Honourable Members will find before them the usual statements, with a short note indicating where the figures differ, and why they differ, from those in the preliminary estimates. The full explanatory memorandum, which was appended to the Financial Statement, will be brought into exact statistical agreement with the figures of the Budget: but this will take a little time, and it will be reprinted in its final form separately.

2. I need not occupy the time of the Council by any lengthy dissertation on the figures of the Budget. In no essential point do they differ from those which have already been discussed with a fullness and ability which make further explanations on my part superfluous. The alterations which have been made in the Financial Statement are few and unimportant; they raise no question of principle; and all that I need do today is to refer to them in the briefest possible manner.

Revised 1909-1910

3. In our revised estimate for the current year, we have made a few corrections which have the effect of raising the expected surplus by £20,000. Our latest returns of Customs revenue indicate an improvement of about £44,000 over the figure I took in February, partly as the result of the new duties and partly owing to a sharp revival in piece-good imports. A saving of £67,000 is expected in our Political expenditure, as His Majesty the Amir seems unlikely to draw before the 31st March on his subsidy to the extent we provided for. On the other hand, a part of the Military lapses will be utilized in replenishing Army stores and the refunds of advance Opium revenue will probably be about £80,000 heavier than we expected. There are a few smaller changes with which I need not trouble the Council.

In future indeed I think I shall probably dispense with any further corrections of the current year's estimates after the presentation of the Financial Statement. The interest in the figures has now become chiefly statistical. There is no marked advantage in bringing them up to date, and there may be some danger of confusion. With the Budget estimates for the ensuing year the position is different. The character of the season, the movements of trade, the action of Local Governments and many other factors are of importance, up to the very last moment, as guides to the probable revenue of the year; and we have in addition to incorporate any changes in the figures which may follow the discussions in this Council or, as regards "divided" heads, in the Legislative Councils of the different provinces.

Budget 1910-1911.

4. The net effect of the changes which have thus taken place in our estimate for 1910-1911 is an improvement of £130,000: so that I now take our Budget surplus at £376,000. It is still a narrow margin to work upon; and nobody will be happier than I shall be if my Honourable friends who have been criticizing me for caution turn out to be true prophets. The main reason for the improvement which I have assumed is the steady revival in business, the excellent harvest reports from all quarters, and the heavy remittances from abroad for trade purposes. I have on all these considerations decided to raise our preliminary estimate of net railway receipts by £100,000; of Salt revenue by £30,000; of Customs by £20,000 (chiefly under piece goods); and of Excise (Imperial share) by £23,000. I have reduced the estimated receipts by £7,000 in consequence of the modifications which the increased duties underwent when passing through Council. A reserve provision of £20,000 has been made, chiefly in connection with political and frontier charges; and £23,000 has been inserted for an unexpected payment to the South Indian Railway Company, of which the Secretary of State has just advised us by telegram. The other changes are of comparatively small importance and are nearly all under Provincial heads of account.

Ways and Means.

5. Turning now to Ways and Means, I have no changes to record in Capital expenditure, and none of any moment in receipts on capital account. But the heavy trade remittances of the last few weeks have greatly strengthened the Secretary of State's balances, and the Budget provision of Council drawings for next year has been reduced to £15½ millions, subject to all the usual reservations. The large drafts upon

us are being partly met from our Treasury balances, which will in consequence fall somewhat below 18 crores on the 1st of April next, or about £600,000 less than was assumed in the Financial Statement. The Secretary of State however has also remitted £750,000 through our Currency chest, and he will probably employ some part of the proceeds of his drawings in adding to the Gold Standard Reserve, while we shall meet the drafts in India from the 6 crore silver nucleus of that Reserve.

6. With this brief description, I leave the Budget of 1910-1911 in the hands of Honourable Members. There will be no discussion on it today, but on the subsequent date contemplated by the rules—which I understand Your Lordship intends to fix for next Tuesday—there will be an opportunity for such remarks as Honourable Members wish to offer, without moving resolutions or dividing the Council.

GUY FLEETWOOD WILSON.

The 23rd March 1910.

BUDGET

OF THE

GOVERNMENT OF INDIA

FOR

1910-1911.

ACCOUNTS	1908-1909
REVISED ESTIMATES	1909-1910
BUDGET ESTIMATES	1910-1911

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I.—General Statement of the Revenue, and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1908-1909.	Budget Estimate, 1909-1910.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
Revenue—					
Principal Heads of Revenue—		£	£	£	£
Land Revenue	A	19,759,060	20,898,800	21,292,100	21,138,900
Opium	„	5,884,788	4,416,000	5,532,300	4,650,600
Salt	„	3,276,159	3,320,000	3,306,600	3,395,000
Stamps	„	4,344,156	4,474,500	4,551,500	4,749,800
Excise	„	6,389,628	6,782,000	6,536,200	6,832,700
Customs	„	4,832,264	5,025,400	4,912,800	6,038,300
Other Heads	„	4,808,480	4,942,900	4,862,900	4,973,900
TOTAL PRINCIPAL HEADS	...	49,294,535	49,859,600	50,994,400	51,779,200
Interest	A	987,325	1,018,300	1,177,500	1,115,300
Post Office	„	1,825,620	1,963,800	1,904,800	1,977,400
Telegraph	„	978,097	950,100	921,900	945,500
Mint	„	102,654	147,700	103,200	142,900
Receipts by Civil Departments	„	1,145,977	1,156,400	1,149,700	1,185,300
Miscellaneous	„	575,705	621,000	611,500	624,900
Railways : Net Receipts	„	9,958,041	13,134,400	12,490,800	12,629,600
Irrigation	„	3,558,002	3,550,300	3,663,900	3,604,800
Other Public Works	„	287,938	294,100	272,300	302,100
Military Receipts	„	1,047,641	1,055,200	1,084,500	1,147,400
TOTAL REVENUE	...	69,761,535	73,750,900	74,374,500	75,454,400
Deficit	...	3,737,710	...	...	...
TOTAL	...	73,499,245	73,750,900	74,374,500	75,454,400

N. G. BASU,
Offg. Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT,
March 23, 1910.

Revenue, of the Government of India, in India and in England.

	For details, *vide* Statement.	Accounts, 1908-1909.	Budget Estimate, 1909-1910.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
Expenditure—		£	£	£	£
Direct Demands on the Revenues	B	8,742,487	8,660,200	8,817,600	8,837,100
Interest	„	1,966,832	1,996,600	2,094,400	2,142,900
Post Office	„	1,896,753	1,916,600	1,927,100	1,951,200
Telegraph	„	1,028,073	1,063,300	1,029,400	1,085,900
Mint	„	192,129	106,000	126,900	92,100
Salaries and Expenses of Civil Departments	„	14,488,681	14,526,200	14,288,600	15,085,500
Miscellaneous Civil Charges	„	4,910,013	4,785,200	4,842,600	4,914,100
Famine Relief and Insurance	„	1,645,179	1,000,000	1,000,000	1,000,000
Railways: Interest and Miscellaneous Charges	„	11,200,291	11,687,300	11,662,300	12,067,400
Irrigation	„	2,949,179	3,027,700	3,073,300	3,111,200
Other Public Works	„	4,496,342	4,243,200	4,164,200	4,559,300
Military Services	„	20,650,629	20,708,200	20,374,800	20,853,900
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	74,166,588	73,720,500	73,401,200	75,700,600
Add—Provincial Surpluses: that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B	202,158	99,700	685,500	...
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	*869,501*	*300,200*	*2,000*	*622,200*
TOTAL EXPENDITURE CHARGED TO REVENUE	...	73,499,245	73,520,000	74,084,700	75,078,400
SURPLUS	...	...	230,900	289,800	376,000
TOTAL	...	73,499,245	73,750,900	74,374,500	75,454,400

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts. Accounts, 1908-1909.	Budget Estimate, 1909-1910.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
		£	£	£	£
Surplus	C	...	230,900	289,800	376,000
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (net)	C	4,278,547	2,400,000	2,459,400	2,597,500
Capital subscribed by Native States towards outlay on State Railways	,,	...	...	66,700	...
Profits on Rupee coinage appropriated to Railway Construction	,,	51	...	...	...
Capital raised and deposited by Railway Companies (net)	,,	1,020,306	69,300	15,800	122,200
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	5,633,956	4,182,400	10,574,500	4,297,400
Temporary Debt (net Incurred)	,,	5,000,000	...	...	2,250,000
Unfunded Debt (net Incurred)	,,	251,421	853,500	849,500	1,119,200
Deposits and Advances (net)	,,	...	602,600	3,017,300	...
Loans and Advances by Imperial Government (net Repayments)	,,	396,202	...	115,200	...
Loans and Advances by Provincial Governments (net Repayments)	,,	...	330,300	744,700	196,200
Loans to Local Boards for Railway Construction	,,	5,847	...	6,100	6,300
Remittances (net)	,,	...	...	164,800	9,000
Secretary of State's Bills drawn	,,	12,423,939	16,200,000	18,000,000	15,500,000
TOTAL RECEIPTS	...	29,010,269	24,869,000	36,303,800	26,473,800
Opening Balance—India	...	14,851,723	10,232,623	10,235,827	11,902,427
England	...	5,738,489	7,697,989	8,453,715	14,802,415
TOTAL	...	47,600,481	42,799,612	54,993,342	53,178,642

N. G. BASU,
Offg. Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 23, 1910.

Government of India, in India and in England.

	For details, *vide* Statement.	DISBURSEMENTS. Accounts, 1908-1909.	Budget Estimate, 1909-1910.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
		£	£	£	£
Deficit		3,737,710	...	...	...
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	983,489	1,000,000	1,066,700	1,133,300
Outlay on State Railways	"	9,488,168	7,594,100	6,778,300	8,518,600
Outlay of Railway Companies (net)	"	562,613	2,475,700	2,310,600	2,468,300
Capital involved in Redemption of Railway Liabilities	"	...	...	...	5,904,100
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	11,034,270	11,069,800	10,155,600	18,024,300
Debt, Deposits, and Advances—					
Deposits and Advances (net)	C	1,085,718	...	...	526,300
Loans and Advances by Imperial Government (net Advances)	"	...	48,000	...	66,900
Loans and Advances by Provincial Governments (net Advances)	"	944,407	...	...	...
Remittances (net)	"	277,008	26,300	...	...
Secretary of State's Bills paid	"	11,831,826	16,064,300	18,132,900	15,503,900
TOTAL DISBURSEMENTS	...	28,910,939	27,208,400	28,288,500	34,121,400
Closing Balance—India	...	10,235,827	12,262,523	11,902,427	12,469,327
England	...	8,453,715	3,328,689	14,802,415	6,587,915
TOTAL	...	47,600,481	42,799,612	54,993,342	53,178,642

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

A.—*Statement of the Revenue of*

HEADS OF REVENUE.	ACCOUNTS, 1908-1909. India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.	Total India (converted into £ at R15 = £1).	England.	Total.	REVISED India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.
Principal Heads of Revenue—	R	R	£	£	£	R	R
I.—Land Revenue	10 21 48,786	19,42,37,212	19,759,060	...	19,759,060	11,70,29,000	20,23,52,000
II.—Opium	8,82,71,824	...	5,884,788	...	5,884,788	8,29,84,000	...
III.—Salt	4 91,42,387	...	3,270,159	...	3,276,159	4,95,99,000	...
IV.—Stamps	3 30,55,262	9,21,07,078	4,344,156	...	4,344,156	3,46,08,000	3,36,65,000
V.—Excise	4,88,53,750	4,69,90,661	6,389,628	...	6,389,628	4,99,90,000	4,80,52,000
VI.—Provincial Rates	61,768	79,42,153	533,595	...	533,595	32,000	81,63,000
VII.—Customs	7,24,83,965	...	4,832,264	...	4,832,264	7,36,91,000	...
VIII.—Assessed Taxes	1,29,73,392	1,03,27,895	1,553,419	...	1,553,419	1,31,03,000	1,03,74,000
IX.—Forest	1,30,63,160	1,24,50,241	1,700,894	...	1,700,894	1,32,86,000	1,24,95,000
X.—Registration	5[illegible],165	64,05,880	430,936	...	430,936	63,000	64,79,000
XI.—Tributes from Native States	88,44,542	...	589,636	...	589,636	89,51,000	...
TOTAL	42,89,56,901	31,04,61,120	49,294,535	...	49,294,535	44,33,36,000	32,15,80,000
XII.—Interest	98,89,078	35,76,988	897,737	89,588	987,325	1,04,41,000	46,35,000
XIII.—Post Office	2,73,84,300	...	1,825,620	...	1,825,620	2,85,72,000	...
XIV.—Telegraph	1,45,60,059	...	971,271	6,826	978,097	1,37,65,000	...
XV.—Mint	15,39,808	...	102,654	...	102,654	15,48,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	2,40,864	39,60,891	280,117	...	280,117	2,45,000	41,09,000
XVI.—Law and Justice { Jails	3,09,378	35,84,124	246,234	...	246,234	3,16,000	33,20,000
XVII.—Police	1,13,490	22,58,354	158,123	...	158,123	1,26,000	21,19,000
XVIII.—Ports and Pilotage	...	20,99,818	139,988	...	139,988	...	21,24,000
XIX.—Education	26,388	23,50,065	158,430	...	158,430	25,000	24,38,000
XX.—Medical	8,643	8,24,448	55,539	1,010	56,549	9,000	8,43,000
XXI.—Scientific and other Minor Departments	1,85,780	13,91,894	105,377	1,159	106,536	2,06,000	13,27,000
TOTAL	8 84,523	1,62,72,594	1,143,808	2,169	1,145,977	9,27,000	1,62,80,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc	12,56,434	6,22,542	125,265	69,746	195,011	11,72,000	6,75,000
XXIII.—Stationery and Printing	6,96,052	7,37,468	95,568	...	95,568	6,62,000	7,49,000
XXIV.—Exchange	...	...	...	...	...	6,43,000	...
XXV.—Miscellaneous	12,33,148	25,57,956	252,740	32,386	285,126	12,11,000	28,56,000
TOTAL	31,85,634	39,17,966	473,573	102,132	575,705	36,88,000	42,80,000
Railways—							
XXVI.—State Railways (Gross Receipts)	40,18,64,328	99,592	26,797,595	2,293	26,799,888	43,46,42,000	1,02,000
Deduct:—Working Expenses	*24,88,02,040*	*80,960*	*16,592,200*	...	*16,592,200*	*24,27,21,000*	*99,000*
Surplus profits paid to Companies, etc.	*48,13,330*	...	*320,889*	...	*320,889*	*54,25,000*	...
Net Receipts	14,82,48,958	18,632	9,884,506	2,293	9,886,799	18,64,96,000	3,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	—14,419	...	—961	...	—961	—1,000	...
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of Advances of Interest)	2,39,585	...	15,972	56,231	72,203	2,07,000	...
TOTAL	14,84,74,124	18,632	9,899,517	58,524	9,958,041	18,67,02,000	3,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,38,75,417	1,98,38,939	2,247,624	...	2,247,624	1,50,50,000	1,95,16,000
Portion of Land Revenue due to Irrigation	1,41,84,688	21,80,980	1,091,044	...	1,091,044	1,45,62,000	23,59,000
XXX.—Minor Works and Navigation	8 75,787	24,14,220	219,334	...	219,334	10,52,000	24,19,000
TOTAL	2,89 35,892	2,44,34,139	3,558,002	...	3,558,002	3,06,64,000	2,42,94,000
Other Public Works—							
XXXI.—Civil Works	4,21,942	38,97 130	287,938	...	287,938	4,99,000	35,86,000
Military Receipts—							
XXXII.—Army: Effective	67,56 868	...	450,458	314,282	764,740	69,18,000	...
Non-Effective	10,49 702	...	69,980	28,219	98,199	11,01,000	...
	78 06 570	...	520,438	342,501	862,939	80,19,000	...
XXXIII.—Marine	18,81,727	...	125,448	...	125,448	11,58,000	...
XXXIV.—Military Works	8,88,805	...	59,254	...	59,254	10,50,000	...
TOTAL	1,05 77,102	...	705,140	342,501	1,047,641	1,02,27,000	...
TOTAL REVENUE	67,48,18,363	36,25,78,569	69,159,795	601,740	69,761,535	73,03,69,000	37,46,58,000

India, in India and in England.

ESTIMATE, 1909-1910.			Increase + Decrease — as compared with Budget Estimate, 1909-1910.	BUDGET ESTIMATE, 1910-1911.					Increase + Decrease — of Budget, 1910-1911, as compared with Budget Estimate, 1909-1910.	Increase + Decrease — of Budget, 1910-1911 as compared with Revised Estimate, 1909-1910.
				INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.		
Total India (converted into £ at R15=£1)	England.	TOTAL.		Imperial.	Provincial.					
£	£	£	£	R	R	£	£	£	£	£
21,292,100	...	21,292,100	+ 393,300	12,22,74 000	19,48,10 000	21,138,900	...	21,138,900	+ 240,100	—153,200
5 532,300	...	5,532,300	+ 1,116,300	6,97,59,000	...	4,650,600	...	4,650,600	+ 234,600	—881,700
3,306,600	...	3,306,600	—13,400	5,09,25,000	...	3,395,000	...	3,395,000	+ 75,000	+ 88,400
4,551,500	...	4,551,500	+ 77,000	3,61,23,000	3,51,25,000	4,749 800	...	4,749,800	+ 275,300	+ 198,300
6,536,200	...	6,536,200	— 245,800	5,22,20,000	5,02,70,000	6,832,700	...	6,832,700	+ 5 ,700	+ 296 500
546,300	...	546,300	+ 11,800	14,000	81,30,000	542,900	...	542,900	+ 8,400	—3 400
4,912,800	...	4,912,800	—112,600	9,05,74,000	...	6,038,300	...	6,038,300	+ 1,012,900	+ 1,125,500
1,565,100	...	1,565,100	—20,100	1,35,46,000	1,07,76,000	1,621,500	...	1,621,500	+ 36,300	+ 56,400
1,718,700	...	1,718,700	— 75,600	1,36,62,000	1,28,61,000	1,768,200	...	1,768,200	— 26,100	+ 49,500
436,100	...	436,100	—6,300	65,000	67,00,000	451,000	...	451,000	+ 8,600	+ 14,900
596,700	...	596,700	+ 10,200	88,55,000	...	590,300	...	590,300	+ 3,800	—6,400
50,994,400	...	50,994,400	+ 1,134,800	45,80,17,000	31,86,72,000	51,779,200	...	51,779,200	+ 1,919,600	+ 784,800
1,005,100	172,400	1,177,500	+ 159,200	1,06,74,000	44,15,000	1,005,900	109,400	1,115,300	+ 97,000	—62,200
1,904 800	...	1,904,800	—59,000	2,96,61,000	...	1,977,400	...	1,977,400	+ 13,600	+ 72,600
917,700	4,200	921,900	—28,200	1,41,00,000	...	940,000	5,500	945,500	— 4,600	+ 23,600
103,200	...	103,200	- 44,500	21,43,000	...	142,900	...	142,900	—4,800	+ 39,700
290,200	...	290,200	+ 14,500	2,44,000	40,44,000	285,800	...	285,800	+ 10,100	—4,400
242,400	...	242,400	—18,300	3,18,000	35,80,000	259,900	...	259,900	— 800	+ 17,500
149,700	...	149,700	—100	1,21,000	21,05,000	148,400	...	148,400	— 1,400	— 1,300
141,600	...	141,600	+ 1,200	...	21,29,000	141,900	...	141,900	+ 1,500	+ 300
164,200	...	164,200	—1,300	27,000	26,47,000	178,300	...	178,300	+ 12,800	+ 14,100
56,800	900	57,700	+ 1,200	9,000	8,58,000	57,800	900	58,700	+ 2,200	+ 1,000
102,200	1,700	103,900	—3,900	1,92,000	14,81,000	111,500	800	112,300	+ 4,500	+ 8,400
1,147,100	2,600	1,149,700	—6,700	9,11,000	1,68,44,000	1,183,600	1,700	1,185,300	+ 28,900	+ 35,600
123,100	65,300	188,400	—3,100	12,28,000	6,30,000	123,900	65,600	189,500	—2,000	+ 1,100
94,100	...	94,100	+ 5,500	6,50,000	7,06,000	90,400	...	90,400	+ 1,800	—3,700
42,900	...	42,900	+ 42,900	...	...	...	...	...	...	—42,900
271,100	15,000	286,100	—54,800	19,81,000	29,45,000	328,400	16,600	345,000	+ 4,100	+ 58,900
531,200	80,300	611,500	—9,500	38,59,000	42,81,000	542,700	82,200	624,900	+ 3,900	+ 13,400
28,983,000	200	28,983,200	—199,200	44,75,77,000	1,05,000	29,845,500	200	29,845,700	+ 663,300	+ 862,500
16,188,000	...	*16,188,000*	—440,200	*25,25,98,000*	*85,000*	*16,845,600*	...	*16,845,600*	—1,097,800	—657,600
361,700	...	*361,700*	—11,500	*61,23,000*	...	*408,200*	...	*408,200*	—58,000	—46,500
12,433,300	200	12,433,500	—650,900	18,88,56,000	20,000	12,591,700	200	12,591,900	—492,500	+ 158,400
—100	...	—100	—100	...	...	...	...	...	...	+ 100
13,800	43,600	57,400	+ 7,400	2,28,000	...	15,200	22,500	37,700	—12,300	—19,700
12,447,000	43,800	12,490,800	— 643,600	18,90,84,000	20,000	12,606,900	22,700	12,629,600	—504,800	+ 138,800
2,304,400	...	2,304,400	+ 47,500	1,47,56,000	1,90,70,000	2,255,100	...	2,255,100	—1,800	—49,300
1,128,100	...	1,128,100	+ 49,500	1,45,91,000	23,51,000	1,129,500	...	1,129,500	+ 50,900	+ 1,400
231,400	...	231,400	+ 16,600	8,54,000	24,49,000	220,200	...	220,200	+ 5,400	—11,200
3,663,900	...	3,663,900	+ 113,600	3,02,01,000	2,38,70,000	3,604,800	...	3,604,800	+ 54,500	—59,100
272,300	...	272,300	— 21,800	9,68,000	35,63,000	302,100	...	302,100	+ 8,000	+ 29,800
461,200	374,700	835,900	+ 10,700	77,48,000	...	516,500	389,900	906,400	+ 81,200	+ 70,500
73,400	28,000	101,400	—300	10,95,000	...	73,000	30,000	103,000	+ 1,300	+ 1,600
534,600	402,700	937,300	+ 10,400	88,43,000	...	589,500	419,900	1,009,400	+ 82,500	+ 72,100
77,200	...	77,200	+ 7,700	11,20,000	...	74,700	...	74,700	+ 5,200	—2,500
70,000	...	70,000	+ 11,200	9 50,000	...	63,300	...	63 300	+ 4,500	— 6,700
681,800	402,700	1,084,500	+ 29,300	1,09,13,000	...	727 500	419,900	1,147,400	+ 92,200	+ 62,900
73 668,500	706,000	74,374,500	+ 623,600	75,05,31,000	37,16,65,000	74,813,000	641,400	75,454,400	+ 1,703,500	+ 1,079,900

B.—*Statement of the Expenditure charged to the*

HEADS OF EXPENDITURE.	ACCOUNTS, 1908-1909. India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.	Total India (converted into £ at R15=£1).	England.	Total.	REVISED India. (Rupee Figures.) Imperial.	Provincial.
	₹	₹	£	£	£	₹	₹
Direct Demands on the Revenues—							
1.—Refunds and Drawbacks	28,98,706	10,85,152	265,591	...	265,591	57,02,000	10,23,000
2.—Assignments and Compensations	86,54 717	95,58,829	1,214,236	...	1,214,236	86,23,000	95,43,000
Charges in respect of Collection, *viz.*:—							
3.—Land Revenue	38 46,282	5,09,55,736	3,653 468	464	3,653,932	40,93,000	5,10,01,000
4.—Opium (including cost of Production)	1,85,24,445	...	1,234,963	1,125	1,236,088	1,65,48,000	...
5.—Salt (including cost of Production)	51,22,891	...	341,526	1,582	343,108	49,47,000	...
6.—Stamps	—5 07,417	10,67,981	37,371	136,667	174,038	—6,24,000	11,43,000
7.—Excise	30,29,404	28,26,638	390,403	149	390,552	30,72,000	29,07,000
8.—Provincial Rates	...	65,761	4,384	...	4,384	...	76,000
9.—Customs	31,32,958	...	208,864	159	209,023	32,58,000	...
10.—Assessed Taxes	1,92,939	1,90,585	25,568	...	25,568	1,99,000	1,96,000
11.—Forest	77,86,172	70,41,218	988,492	5,666	994,158	80,23,000	72,41,000
12.—Registration	16,766	34,60,373	231,809	...	231,809	17,000	35,50,000
TOTAL	5,26,97,863	7,62,52,273	8,596,675	145,812	8,742,487	5,38,58,000	7,66,80,000
Interest—							
13.—Interest on Debt	3,56,18,964	1,21,26,476	3,183,029	5,286,565	8,469,594	3,61,71,000	1,23,99,000
Deduct—Amounts chargeable to Railways†	*4,14,25,434*	...	*2,761,696*	*3,253,052*	*6,014,748*	*4,21,26,000*	...
„ Amounts chargeable to Irrigation	*47,37,745*	*88,87,328*	*908,338*	*108,989*	*1,017,327*	*52,25,000*	*91,04,000*
Remainder chargeable on Ordinary Debt	—1,05,44,215	32,39,148	—487,005	1,924,524	1,437,519	—1,11,80,000	32,95,000
14.—Interest on other obligations	79,39,539	146	529,313	...	529,313	81,99,000	...
TOTAL	—26,04,676	32,39,294	42,308	1,924,524	1,966,832	—29,81,000	32,95,000
15.—Post Office	2,76,29,469	...	1,841,964	54,789	1,896,753	2,80,73,000	...
16.—Telegraph	1,31,90,770	...	879,385	148,688	1,028,073	1,37,10,000	...
17.—Mint	24 21,989	...	161,466	30,663	192,129	16,30,000	...
Salaries and Expenses of Civil Departments							
18.—General Administration	91,77,085	1,09,43,900	1,341,399	353,434	1,694,833	89,97,000	1,10,20,000
19.—Law and Justice { Courts	8,84,074	4,04,12,407	2,753,099	488	2,753,587	9,10,000	4,05,40,000
19.—Law and Justice { Jails	20,90,811	1,19,04.126	932,996	...	932,996	19,12,000	1,14,11,000
20.—Police	27,83,799	6,01,32,053	4,194,390	1,832	4,196,222	28,93,000	6,07 37,000
21.—Ports and Pilotage	...	37,78,294	251,886	212	252,098	...	25,41,000
22.—Education	8,63,804	2,42,37,559	1,673,424	8,911	1,682,335	6,81,000	2,47,61,000
23.—Ecclesiastical	17 90,147	...	119,343	739	120,082	18,61,000	...
24.—Medical	8,27,124	1,42,80,119	1,007,150	10,562	1,017,712	8,44,000	1,43,67,000
25.—Political	1,38,79,533	11,08,126	999,177	8,335	1,007,512	1,16,19,000	11,55,000
26.—Scientific and other Minor Departments	58,61,798	57,56,596	774,560	56,744	831,304	57,20,000	64,64,000
TOTAL	3,81,58,175	17,25,53,180	14,047,424	441,257	14,488,681	3,54,37,000	17,29 96,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	34,75,049	...	231,670	11,085	242,755	33,96,000	...
28.—Civil Furlough and Absentee Allowances	2,114	...	141	366,639	366,780	3,000	...
29.—Superannuation Allowances and Pensions	11,32,072	1,40,19,763	1,010,122	2,048,112	3,058,234	11,58,000	1,46,14,000
30.—Stationery and Printing	22,86,456	75,76,130	657,506	129,222	786,728	17,83,000	76,29,000
31.—Exchange	5,16,552	...	34,437	...	34,437	...	...
32.—Miscellaneous	8,61.976	49,08,796	384,718	36,361	421,079	6,12,000	39,38,000
TOTAL	82,74,219	2,65,04,689	2,318,594	2,591,419	4,910,013	69,52,000	2,61,81,000
Famine Relief and Insurance—							
33.—Famine Relief	86,25,475	62,55,702	992,079	...	992,079	7,29,000	2,69,000
34.—Construction of Protective Railways	1,048		70	...	70	2,22,000	...
35.—Construction of Protective Irrigation Works	59,12,632	...	394,175	8,855	403,030	69,83,000	...
36.—Reduction or Avoidance of Debt	...	37,50,000	250,000	...	250,000	28,30,000	37,50,000
TOTAL	1,45,39,155	1,00,05,702	1,636,324	8,855	1,645,179	1,07,64,000	40,19,000
Carried over	15,43 06,964	28,85,55,138	29,524,140	5,346,007	34,870,147	14,74,43,000	18,31,71,000

	ACCOUNTS, 1908-1909. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.	REVISED ESTIMATE, 1909-1910. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.
†Included under the following heads:—	₹	£	£	£	₹	£	£	£
State Railways—Interest on Debt	3,75,31,608	2,502,107	3,033,839	5,535,946	3,83,34,000	2,555 600	3,115,900	5,671,500
Ditto —Interest chargeable against Companies on Advances	38,93,826	259 589	219,213	478,802	37,92,000	252,800	219,300	472,100
TOTAL	4,14,25,434	2,761,696	3,253,052	6,014,748	4,21,26,000	2,808,400	3 335,200	6,143,600

Revenues of India, in India and in England.

ESTIMATE, 1909-1910.			Increase + Decrease — as compared with Budget Estimate, 1909-1910.	BUDGET ESTIMATE, 1910-1911.					Increase + Decrease — of Budget, 1910-1911, as compared with Budget Estimate, 1909-1910.	Increase + Decrease — of Budget 1910-1911 as compared with Revised Estimate 1909-1910.
				India. (Rupee Figures.)		Total India (converted into £ at Rs15=£1).	England.	Total.		
Total India (converted into £ at Rs15=£1).	England	Total.		Imperial.	Provincial.					
£	£	£	£	R	R	£	£	£	£	£
448,300	...	448,300	+216,200	26,85,000	9,44,000	241,900	...	241,900	+9,800	—206,400
1,211,100	...	1,211,100	+9,400	85,88,000	95,00,000	1,205,900	...	1,205,900	+4,200	—5,200
3,672,900	700	3,673,600	—4,000	43,90,000	5,22,05,000	3,773,000	1,300	3,774,300	+96,700	+100,700
1,103,200	900	1,104,100	+12,700	1,64,46,000	...	1,096,400	500	1,096,900	+5,500	—7,200
329,800	500	330,300	—28,500	53,68,000	...	357,900	100	358,000	—800	+27,700
34,600	106,800	141,400	—500	—6,28,000	11,63,000	35,700	75,000	110,700	—31,200	—30,700
398,600	500	399,100	—700	33,32,000	31,42,000	431,600	100	431,700	+31,900	+32,600
5,100	...	5,100	—1,100	...	98,000	6,500	...	6,500	+300	+1,400
217,200	400	217,600	—12,300	36,23,000	...	241,500	500	242,000	+12,100	+24,400
26,300	...	26,300	—800	2,12,000	2,09,000	28,100	...	28,100	+1,000	+1,800
1,017,600	5,300	1,022,900	—34,700	85,56,000	77,40,000	1,086,400	6,500	1,092,900	+35,300	+70,000
237,800	...	237,800	+1,700	19,000	37,04,000	248,200	...	248,200	+12,100	+10,400
8,702,500	115,100	8,817,600	+157,400	5,25,91,000	7,87,05,000	8,753,100	84,000	8,837,100	+176,900	+19,500
3,238,000	5,519,200	8,757,200	+19,500	3,64,83,000	1,23,67,000	3,256,700	5,787,600	9,044,300	+306,600	+287,100
2,808,400	*3,335,200*	*6,143,600*	+53,900	*4,42,76,000*	...	*2,951,800*	*3,397,100*	*6,348,900*	—151,400	—205,300
955,200	*110,600*	*1,065,800*	+7,700	*57,44,000*	*93,40,000*	*1,005,600*	*111,700*	*1,117,300*	—43,800	—51,500
1,547,800		1,547,800	+81,100	—1,35,37,000	30,27,000	—700,700	2,278,800	1,578,100	+111,400	+30,300
—525,600	2,073,400	546,600	+16,700	84,72,000	...	564,800	...	564,800	+34,900	+18,200
546,600	...	2,094,400	+97,800	—50,65,000	30,27,000	—135,900	2,278,800	2,142,900	+146,300	+48,500
21,000	2,073,400	1,927,100	+10,500	2,84,42,000	...	1,896,100	55,100	1,951,200	+34,600	+24,100
1,871,500	55,600	1,029,400	—33,900	1,39,84,000	...	932,300	153,600	1,085,900	+22,600	+56,500
914,000	115,400	126,900	+20,900	13,07,000	...	87,100	5,000	92,100	—13,900	—34,800
108,700	18,200	1,664,700	—3,000	92,12,000	1,15,82,000	1,386,300	358,200	1,744,500	+76,800	+79,800
1,334,500	330,200	2,763,500	+45,400	9,05,000	4,13,56,000	2,817,400	500	2,817,900	+99,800	+54,400
2,763,300	200	888,300	+4,800	19,90,000	1,16,18,000	907,200	100	907,300	+23,800	+19,000
888,200	100	4,244,100	—20,200	29,36,000	6,32,44,000	4,412,000	2,100	4,414,100	+149,800	+170,000
4,242,000	2,100	169,600	—11,600	...	27,45,000	183,000	200	183,200	+2,000	+13,600
169,400	200	1,707,100	—20,700	7,07,000	2,77,30,000	1,895,800	11,100	1,906,900	+179,100	+199,800
1,696,100	11,000	124,700	—3,000	18,98,000	...	126,500	400	126,900	—800	+2,200
124,000	700	1,022,900	—73,400	9,15,000	1,59,15,000	1,122,000	8,400	1,130,400	+34,100	+107,500
1,014,100	8,800	858,200	—114,000	1,24,27,000	12,17,000	909,600	3,800	913,400	—58,800	+55,200
851,600	6,600	845,500	—41,900	65,15,000	70,92,000	907,100	33,800	940,900	+53,500	+95,400
812,300	33,200									
13,895,500	393,100	14,288,600	—237,600	3,75,05,000	18,24,99,000	14,666,900	418,600	15,085,500	+559,300	+796,900
226,400	13,600	240,000	+3,100	33,78,000	...	225,200	10,400	235,600	—1,300	—4,400
200	398,000	398,200	+29,800	4,000	...	300	398,000	398,300	+29,900	+100
1,051,500	2,049,700	3,101,200	+16,400	11,77,000	1,51,05,000	1,085,500	2,076,200	3,161,700	+76,900	+60,500
627,500	118,100	745,600	+31,600	20,23,000	78,51,000	658,300	111,400	769,700	+55,700	+24,100
...	...	...	...	...	...	...	...	...	...	...
303,300	54,300	357,600	—23,500	10,36,000	38,41,000	325,100	23,700	348,800	—32,300	—8,800
2,208,900	2,633,700	4,842,600	+57,400	76,18,000	2,67,97,000	2,294,400	2,619,700	4,914,100	+128,900	+71,500
66,500	...	66,500	—137,900	...	...	...	...	...	—204,400	—66,500
14,800	...	14,800	—5,200	5,00,000	...	33,300	...	33,300	+13,300	+18,500
465,500	14,500	480,000	...	69,64,000	...	464,300	2,400	466,700	—13,300	—13,300
438,700	...	438,700	+143,100	37,50,000	37,50,000	500,000	...	500,000	+204,400	+61,300
985,500	14,500	1,000,000	...	1,12,14,000	37,50,000	997,600	2,400	1,000,000	...	...
28,707,600	5,419,000	34,126,600	+72,500	14,75,96,000	29,47,78,000	29,491,600	5,617,200	35,108,800	+1,054,700	+982,200

BUDGET ESTIMATE, 1910-1911.			
India.		England.	Total.
Amount in Rupees.	Equivalent in £ at Rs15=£1.		
R	£	£	£
4,03,37,000	2,689,200	3,177,800	5,867,000
39,39,000	262,600	219,300	481,900
4,42,76,000	2,951,800	3,397,100	6,348,900

B.—*Statement of the Expenditure charged to the*

HEADS OF EXPENDITURE.	ACCOUNTS, 1908-1909. India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.	Total India (converted into £ at R15=£1).	England.	Total.	REVISED India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.
	₹	₹	£	£	£	₹	₹
Brought forward	15,43,06,964	28,85,55,138	29,524,140	5,346,007	34,870,147	14,74,43,000	28,31,71,000
Railways—							
38.—State Railways: Interest on Debt	3,75,31,608	...	2,502,107	3,033,839	5,535,946	3,83,34,000	...
Annuities in purchase of Railways	...	...	...	3,268,132	3,268,132	...	...
Sinking Funds	...	...	...	159,491	159,491	...	...
Interest chargeable against Companies on Advances	38,93,826	...	259,589	219,213	478,802	37,92,000	...
Interest on Capital deposited by Companies	12,00,372	...	80,025	1,569,171	1,649,196	23,42,000	...
39.—Guaranteed Companies: Surplus Profits, Land, and Supervision	1,91,150	...	12,743	...	12,743	−25,000	...
40.—Subsidized Companies: Land, etc.	10,19,065	43,916	70,865	...	70,865	7,85,000	17,000
41.—Miscellaneous Railway Expenditure	2,93,969	82,777	25,116	...	25,116	5,48,000	22,000
Total	4,41,29,990	1,26,693	2,950,445	8,249,846	11,200,291	4,57,76,000	39,000
Irrigation—							
42.—Major Works: Working Expenses	66,07,458	89,41,368	1,036,589	...	1,036,589	70,20,000	93,10,000
Interest on Debt	47,37,745	88,87,328	908 338	108,989	1,017,327	52,25,000	91,04,000
43.—Minor Works and Navigation	30,92,211	1,03,36,736	895 263	...	895 263	32,12,000	1,05,70,000
Total	1,44,37,414	2,81,65,432	2,840,190	108,989	2,949,179	1,54,57,000	2,89,84,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	...	6,235	415	...	415	...	23,000
45.—Civil Works	1,05,02,114	5,57,35,210	4,415,822	80,105	4,495,927	89,84,000	5,21,89,000
Total	1,05,02,114	5,57,41,445	4,416,237	80,105	4,496,342	89,84,000	5,22,12,000
Military Services—							
46.—Army: Effective	20,46,86,485	...	13,645,766	2,385,336	16,031,102	20,43,85,000	...
Non-Effective	1,01,51,545	...	676,770	2,469,394	3,146,164	1,01,72,000	...
	21,48,38,030	...	14,322,536	4,854,730	19,177,266	21,45,57,000	...
46A.—Marine	36,68,571	...	244,571	232,386	476,957	36,72,000	...
47.—Military Works	1,38,94,414	...	926,295	41,067	967,362	1,23,00,000	...
47A.—Special Defences (1902)	2,55,230	...	17,015	12,029	29,044	1,76,000	...
Total	23,26,56,245	...	15,510,417	5,140,212	20,650,629	23,07,05,000	...
Total Expenditure, Imperial and Provincial	45,60,32,727	37,25,88,708	55,241,429	18,925,159	74,166 588	44,83,65,000	36,44,06,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	30,32,369	202,158	...	202,158	...	1,02,82,000
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	...	*1,30,42,508*	*869,501*	...	*869,501*	...	*30,000*
Total Expenditure charged to Revenue	45,60,32,727	36,25 78,569	54,574,086	18,925,159	73,499,245	44,83,65,000	37,46,58,000

	ACCOUNTS, 1908-1909. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.
	₹	£	£	£
Capital Expenditure not charged to Revenue—				
48.—State Railways	9,23,78,720	6,158,581	3,329,587	9,488,168
49.—Irrigation Works	1,38,54,346	923,623	59,866	983,489
Total	10,62,33,066	7,082,204	3,389,453	10,471,657
50.—Redemption of Liabilities	...	...	...	...

Revenues of India, in India and in England—continued.

ESTIMATE, 1909-1910.			Increase+ Decrease — as compared with Budget Estimate, 1909-1910.	BUDGET ESTIMATE, 1910-1911.					Increase+ Decrease — of Budget, 1910-1911, as compared with Budget Estimate, 1909-1910.	Increase + Decrease — of Budget, 1910-1911 as compared with Revised Estimate, 1909-1910.
Total India (converted into £ at R15=£1).	England.	Total.		India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.	Total India (converted into £ at R15=£1).	England.	Total.		
£	£	£	£	R	R	£	£	£	£	£
28,707,600	5,419,000	34,126,600	+72,500	14,75,96,000	29,47,78,000	29,491,600	5,617,200	35,108,800	+1,054,700	+982,200
2,555,600	3,315,900	5,671,500	—25,600	4,03,37,000	...	2,689,200	3,177,800	5,867,000	+169,900	+195,500
...	3,357,800	3,357,800	...	...	...	...	3,357,800	3,357,800	...	...
...	165,200	165,200	+100	...	...	...	171,200	171,200	+6,100	+6,000
252,800	219,300	472,100	—28,300	39,39,000	...	262,600	219,300	481,900	—18,500	+9,800
156,200	1,749,700	1,905,900	+71,700	24,94,000	...	166,200	1,854,100	2,020,300	+186,100	+114,400
—1,700	...	—1,700	—1,700	—9,000	...	—600	...	—600	—600	+1,100
53,500	...	53,500	—44,600	16,48,000	10,000	110,500	...	110,500	+12,400	+57,000
38,000	...	38,000	+3,400	8,57,000	33,000	59,300	...	59,300	+24,700	+21,300
3,054,400	8,607,900	11,662,300	—25,000	4,92,66,000	43,000	3,287,200	8,780,200	12,067,400	+380,100	+405,100
1,088,700	...	1,088,700	+55,600	69,01,000	90,40,000	1,062,800	...	1,062,800	+29,700	—25,900
955,200	110,600	1,065,800	—7,700	57,44,000	93,40,000	1,005,600	111,700	1,117,300	+43,800	+51,500
918,800	...	918,800	—2,300	34,33,000	1,05,34,000	931,100	...	931,100	+10,000	+12,300
2,962,700	110,600	3,073,300	+45,600	1,60,78,000	2,89,14,000	2,999,500	111,700	3,111,200	+83,500	+37,900
1,500	...	1,500	+600	...	4,000	300	...	300	—600	—1,200
4,078,200	84,500	4,162,700	—79,600	99,37,000	5,72,58,000	4,479,700	79,300	4,559,000	+316,700	+396,300
4,079,700	84,500	4,164,200	—79,000	99,37,000	5,72,62,000	4,480,000	79,300	4,559,300	+316,100	+395,100
13,625,700	2,255,500	15,881,200	—309,300	20,90,89,000	...	13,939,300	2,361,400	16,300,700	+110,200	+419,500
678,100	2,404,400	3,142,500	—17,900	1,04,52,000	...	696,800	2,491,000	3,187,800	+27,400	+45,300
14,303,800	4,719,900	19,023,700	—327,200	21,95,41,000	...	14,636,100	4,852,400	19,488,500	+137,600	+464,800
244,800	215,800	460,600	—73,200	38,33,000	...	255,500	228,800	484,300	+10,500	+23,700
820,000	33,800	853,800	—1,800	1,28,00,000	...	853,300	26,300	879,600	+24,000	+25,800
11,700	25,000	36,700	+8,800	22,000	...	1,500	...	1,500	—26,400	—35,200
15,380,300	4,994,500	20,374,800	—333,400	23,61,96,000	...	15,746,400	5,107,500	20,853,900	+145,700	+479,100
54,184,700	19,216,500	73,401,200	—319,300	45,90,73,000	38,09,97,000	56,004,700	19,695,900	75,700,600	+1,980,100	+2,299,400
685,500	...	685,500	+884,000	...	...	...	...	...	—421,700	—1,305,700
2,000	...	2,000		...	93,32,000	622,200	...	622,200		
54,868,200	19,216,500	74,084,700	+564,700	45,90,73,000	37,16,65,000	55,382,500	19,695,900	75,078,400	+1,558,400	+993,700

REVISED ESTIMATE, 1909-1910.				BUDGET ESTIMATE, 1910-1911.			
India.		England.	Total.	India.		England.	Total.
Amount in Rupees.	Equivalent in £ at R15=£1.			Amount in Rupees.	Equivalent in £ at R15=£1.		
R	£	£	£	R	£	£	£
6,91,99,000	4,613,300	2,165,000	6,778,300	9,93,15,000	6,621,000	1,897,600	8,518,600
1,54,45,000	1,029,700	37,000	1,066,700	1,65,39,000	1,102,600	30,700	1,133,300
8,46,44,000	5,643,000	2,202,000	7,845,000	11,58,54,000	7,723,600	1,928,300	9,651,900
...	...	...	...	...	...	5,904,100	5,904,100

C.—*Statement of Receipts and Disbursements of the*

	Accounts, 1908-1909			Revised Estimate, 1909-1910.			Budget Estimate, 1910-1911.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	69,159,795	601,740	69,761,535	73,668,500	706,000	74,374,500	74,813,000	641,400	75,454,400
Excess of Revenue over Expenditure charged to Revenue			−3,737,710			289,800			376,000
Railway and Irrigation Capital not charged to Revenue									
Capital raised through Companies towards outlay on State Railways (net)	4,278,547	...	4,278,547	2,459,400	...	2,459,400	2,597,500	...	2,597,500
Capital subscribed by Native States towards outlay on State Railways	...	...	...	66,700	...	66,700	...	...	...
Profits on Rupee coinage appropriated to Railway Construction	51	...	51	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Repayments	34,147	1,810	35,957	...	2,100	2,100	...	1,800	1,800
NET			0			0			0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	9,020	1,020,000	1,029,020	71,000	...	71,000	122,200	2,848,400	2,970,600
NET			1,020,306			15,800			122,200
Permanent Debt Incurred—									
Sterling Debt—									
India Stock	...	5,342,053		...	9,239,600		...	589,600	
Indian Midland Railway Debentures	...	...		...	...		...	3,654,100	
Rupee Debt—									
Rupee Loan	1,333,333	...		1,666,700	...		1,000,000	...	
TOTAL	1,333,333	5,342,053	6,675,386	1,666,700	9,239,600	10,906,300	1,000,000	4,243,700	5,243,700
NET			5,633,956			10,574,500			4,297,400
Temporary Debt Incurred—									
Temporary Loans	3,000,000	6,000,000	9,000,000	2,000,000	6,000,000	8,000,000	...	8,250,000	8,250,000
NET			5,000,000			0			2,250,000
Unfunded Debt—									
Deposits of Service Funds	94,944	...		92,400	...		90,200	...	
Savings Bank Deposits	4,330,962	...		5,125,700	...		5,509,600	...	
TOTAL	4,425,906	...	4,425,906	5,218,100	...	5,218,100	5,599,800	...	5 599,800
NET			251,421			849,500			1,119,200
Deposits and Advances—									
Balances of Provincial Allotments	202,158	...		685,500	...		...	...	
Appropriation for Reduction or Avoidance of Debt	250,000	...		438,700	...		500,000	...	
Deposits of Local Funds—									
District Funds	3,532,830	...		3,673,600	...		3,637,000	...	
Other Funds	1,042,201	...		1,186,500	...		1,095,600	...	
Deposits of Sinking Funds	12,027	...		12,500	...		26,300	...	
Gold Standard Reserve	(b)8,174,459	(a)9,385,332		...	10,506,700	(a)	...	10,410,500	
Currency Reserve—									
Council Bills appropriated	...	...		...	750,000		...	...	
Gold transferred	...	...		750,000	...		...	...	
Bonds drawn	...	463,910		...	...		...	...	
Departmental and Judicial Deposits	23,720,301	...		22,424,000	...		22,362,300	...	
Advances	5,589,691	164,233		3,779,800	1,000		3,981,900	11,000	
Suspense Accounts	224,043	...		60,100	...		10,100	...	
Exchange on Remittance Accounts, net	28,934	...		5,000	...		...	...	
Miscellaneous	287,365	2,350		70,800	...		48,700	980,000	
TOTAL	43,064,009	10,015,825	53,079,834	33,086,500	11,257,700	44,344,200	31,661,900	11,401,500	43,063,400
NET			0			3,017,300			0
Carried over	125,304,808	22,981,428		118,236,900	27,205,400		115,794,400	27,386,800	

(*a*) Include £1,491,487 and £6,630,000 respectively remitted from India by means of Council Bills.
(*b*) Includes £7,988,000 on account of Demand Drafts on London.

Government of India, in India and in England.

	Accounts, 1908-1909.			Revised Estimate, 1909-1910.			Budget Estimate, 1910-1911.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	55,241,429	18,925,159	74,166,588	54,184,700	19,216,500	73,401,200	56,004,700	19,695,900	75,700,600
Add—Provincial Surpluses transferred to "Deposits"	202,158	...	202,158	685,500	...	685,500	...	...	...
Deduct—Provincial Deficits charged to "Deposits"	*869,501*	...	*869,501*	*2,000*	...	*2,000*	*622,200*	...	*622,200*
Total	54,574,086	18,925,159	73,499,245	54,868,200	19,216,500	74,084,700	55,382,500	19,695,900	75,078,400
Railway and Irrigation Capital not charged to Revenue—									
Outlay on Irrigation Works	923,623	59,866	983,489	1,029,700	37,000	1,066,700	1,102,600	30,700	1,133,300
Outlay on State Railways	6,158,581	3,329,587	9,488,168	4,613,300	2,165,000	6,778,300	6,621,000	1,897,600	8,518,600
Capital charge involved in redemption of Liabilities—									
Indian Midland Railway	...	...	...	...	...	...	...	5,904,100	5,904,100
Outlay of Railway Companies—									
Payments for Capital outlay	—622,665	1,221,239	598,570	890,600	1,422,100	2,312,700	1,083,200	1,386,900	2,470,100
Net			562,613			2,310,600			2,468,300
Raised and deposited by Railway Companies—									
Payments for discharge of Debentures	...	8,714	8,714	...	55,200	55,200	...	2,848,400	2,848,400
Net			0			0			0
Permanent Debt Discharged—									
Sterling Debt—									
Madras Railway Debentures	...	...		...	179,400		...	542,300	
B. B. C. I. Railway Debentures	...	865,800		...	...		...	275,600	
Rupee Debt—									
4½ p. c. Loans	1,127	...		500	...		400	...	
4 p. c. Loans	81,253	...		80,400	...		80,300	...	
3½ p. c. Loans	574	...		500	...		...	...	
3 p. c. Loan	91,980	...		70,800	...		47,600	...	
Provincial Debentures	693	...		200	...		100	...	
Stock Notes	3	...		...	...		...	...	
Total	175,630	865,800	1,041,430	152,400	179,400	331,800	128,400	817,900	946,300
Net			0			0			0
Temporary Debt Discharged—									
Temporary Loans	3,000,000	1,000,000	4,000,000	2,000,000	6,000,000	8,000,000	...	6,000,000	6,000,000
Net			0			0			0
Unfunded Debt—									
Special Loans	664	...		500	...		400	...	
Deposits of Service Funds	87,693	...		88,500	...		91,100	...	
Savings Bank Deposits	4,086,128	...		4,279,600	...		4,389,100	...	
Total	4,174,485	...	4,174,485	4,368,600	...	4,368,600	4,480,600	...	4,480,600
Net			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	869,501	...		2,000	...		622,200	...	
Deposits of Local Funds—									
District Funds	3,740,582	...		3,619,000	...		3,610,800	...	
Other Funds	1,006,390	...		1,143,700	...		1,002,000	...	
Gold Standard Reserve	8,174,425	10,046,737 (c)		300	8,913,400		...	11,151,600	
Currency Reserve—									
Council Bills appropriated	...	...		750,000	...		...	...	
Gold transferred	...	...		...	750,000		...	...	
Sums invested	...	463,910		...	...		...	...	
Departmental and Judicial Deposits	23,900,904	...		22,267,200	...		22,232,200	...	
Advances	5,634,825	14,674		3,759,600	101,000		3,886,800	1,000	
Suspense Accounts	124,125	...		16,000	...		42,300	...	
Miscellaneous	189,443	36		4,500	200		...	980,200	
Total	43,640,195	10,525,357	54,165,552	31,562,300	9,764,600	41,326,900	31,456,900	12,132,800	43,589,700
Net			1,085,718			0			526,300
Carried over	112,023,931	35,935,722		99,485,100	38,839,800		100,255,200	30,714,300	

(c) Includes £8,058,000 on account of payment of Demand Drafts on London

C.—*Statement of Receipts and Disbursements of the*

	Accounts, 1908-1909.			Revised Estimate, 1909-1910.			Budget Estimate, 1910-1911.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . .	125,304,808	22,981,428		118,236,900	27,205,400		115,794,400	27,386,800	
Loans and Advances by Imperial Government .	624,518	...	624,518	272,300	...	272,300	214,700	...	214,700
Net .			396,202			115,200			0
Loans and Advances by Provincial Governments	1,835,335	...	1,835,335	1,853,500	...	1,853,500	1,216,800	...	1,216,800
Net .			0			744,700			196,200
Loans to Local Boards for Railway Construction .	5,847	...	5,847	6,100	...	6,100	6,300	...	6,300
Net .			5,847			6,100			6,300
Remittances—									
Inland Money Orders	28,528,217	...		29,333,300	...		30,000,000	...	
Other Local Remittances	...	...		307,900	...		385,500	...	
Other Departmental Accounts . .	530,867	...		784,400	...		812,900	...	
Net Receipts by Civil Treasuries from—									
Post Office . .	211,857	...		933,600	...		1,226,800	...	
Guaranteed Railways	152	...		..	...		...	...	
Public Works . .	1,987,501	...		4,289,800	...		2,233,200	...	
Net Receipts from Civil Treasuries by—									
Telegraph . .	467,169	...		769,100	...		787,300	...	
Marine . . .	224,619	...		234,100	...		329,900	...	
Military . . .	13,489,702	...		13,360,600	...		13,504,600	...	
Remittance Account between England and India—									
Transfers through Paper Currency Reserve . .	...	2,205,000		...	...		...	...	
Railway transactions .	3,455,903	4,284,774		2,244,200	2,464,900		3,467,400	3,112,800	
Other „ .	805,088	786,415		892,200(*d*)	410,600		68,400	347,000	
Total .	49,701,075	7,276,189	56,977,264	53,149,200	2,875,500	56,024,700	52,876,000	3,459,800	56,335,800
Net .			0			164,800			9,000
Secretary of State's Bills drawn	..	(*e*) 12,423,939	12,423,939	...	(*e*) 18,000,000	18,000,000	...	15,500,000	15,500,000
Total Receipts .	177,471,583	42,681,556		173,518,000	48,080,900		170,108,200	46,346,600	
Opening Balance .	12,851,723	5,738,489		10,235,827	8,453,715		11,902,427	14,802,415	
GRAND TOTAL .	190,323,306	48,420,045		183,753,827	56,534,615		182,010,627	61,149,015	

(*d*) Includes £156,000 on account of Demand Drafts on London.
(*e*) In addition to £1,491,487 and £6,630,000 respectively for remittance of the Gold Standard Reserve in the years 1908-1909 and 1909-1910 and £750,000 for remittance of the Currency Reserve in the latter year.

N. G. BASU,
Offg. Deputy Comptroller General.

Fort William,
Finance Department;
March 23, 1910.

Government of India, in India and in England—continued.

	Accounts, 1908-1909.			Revised Estimate, 1909-1910.			Budget Estimate, 1910-1911.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	112,023,931	35,935,722		99,485,100	38,839,800		100,255,200	50,714,300	
Loans and Advances by Imperial Government	228,316	...	228,316	157,100	...	157,100	281,600	...	281,600
Net			0			0			66,900
Loans and Advances by Provincial Governments	2,779,742	...	2,779,742	1,108,800	...	1,108,800	1,020,600	...	1,020,600
Net			944,407			0			0
Remittances—									
Inland Money Orders	28,537,824	...		29,346,700	...		29,980,000	...	
Other Local Remittances	162,416	...		307,900	...		385,500	...	
Other Departmental Accounts	554,870	...		781,300	...		812,900	...	
Net payments into Civil Treasuries by—									
Post Office	211,950	...		933,600	...		1,226,800	...	
Guaranteed Railways	152	...		...	...		...	...	
Public Works	2,136,298	...		4,127,400	...		2,233,200	...	
Net Issues from Civil Treasuries to—									
Telegraph	467,100	...		769,100	...		787,300	...	
Marine	222,209	...		234,100	...		329,900	...	
Military	13,491,841	...		13,360,600	...		13,564,600	...	
Remittance Account between England and India—									
Transfers through Paper Currency Reserve	2,205,000	...		...	...		...	...	
Railway transactions	4,280,036	3,460,641		2,464,900	2,244,200		3,112,800	3,467,400	
Other ,,	953,968	569,967		641,900	648,200 (*d*)		47,000	379,400	
Total	53,223,664	4,030,608	57,254,272	52,967,500	2,892,400	55,859,900	52,480,000	3,846,800	56,326,800
Net			277,008			0			0
Secretary of State's Bills paid	(*e*) 11,831,826	...	11,831,826	(*e*) 18,132,900	...	18,132,900	15,503,900	...	15,503,900
Total Disbursements	180,087,479	39,966,330		171,851,400	41,732,200		169,541,300	54,561,100	
Closing Balance	10,235,827	8,453,715		11,902,427	14,802,415		12,469,327	5,587,915	
GRAND TOTAL	190,323,306	48,420,045		183,753,827	56,534,615		182,010,627	61,149,015	

(*d*) Includes £156,000 on account of payment of Demand Drafts on London.
(*e*) In addition to £1,491,487, and £6,630,000 respectively for remittance of the Gold Standard Reserve in the years 1908-1909 and 1909-1910 and £750,000 for remittance of the Currency Reserve in the latter year.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

D.—*Account of Provincial Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.*

Provincial Balances.

	Central Provinces and Berar.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	Madras.	Bombay.	TOTAL.	Equivalent in £ at Rs15 = £1.
Accounts, 1908-1909	*R*	*R*	*R*	*R*	*R*	*R*	*R*	*R*	*R*	£
Balance at end of 1907-1908 . .	48,67,768	30,53,075	35,58,417	71,73,959	20,02,100	30,51,002	99,82,284	96,01,850	4,32,90,455	2,886,031
Added in 1908-1909 .	...	...	...	...	10,07,260	...	20,25,109	...	30,32,369	202,158
Spent in 1908-1909 .	30,97,865	20,60,678	23,57,687	13,30,371	...	15,76,981	...	26,18,926	1,30,42,508	869,501
Balance at end of 1908-1909 . .	17,69,903	9,92,397	12,00,730	58,43,588	30,09,360	14,74,021	1,20,07,393	69,82,924	3,32,80,316	2,218,688
Revised Estimate, 1909-1910.										
Balance at end of 1908-1909 . .	17,69,903	9,92,397	12,00,730	58,43,588	30,09,360	14,74,021	1,20,07,393	69,82,924	3,32,80,316	2,218,688
Added in 1909-1910 .	...	23,00,000	5,49,000	28,94,000	15,73,000	10,53,000	12,12,000	7,01,000	1,02,82,000	685,500
Spent in 1909-1910 .	30,000	...	...	...	...	...	...	...	30,000	2,000
Balance at end of 1909-1910 . .	17,39,903	32,92,397	17,49,730	87,37,588	45,82,360	25,27,021	1,32,19,393	76,83,924	4,35,32,316	2,902,188
Budget Estimate, 1910-1911.										
Balance at end of 1909-1910 . .	17,39,903	32,92,397	17,49,730	87,37,588	45,82,360	25,27,021	1,32,19,393	76,83,924	4,35,32,316	2,902,188
Added in 1910-1911 .	...	...	...	...	...	...	...	...	...	...
Spent in 1910-1911 .	7,40,000	15,87,000	2,89,000	17,37,000	5,28,000	9,27,000	19,27,000	15,97,000	93,32,000	622,200
Balance at end of 1910-1911 . .	9,99,903	17,05,397	14,60,730	70,00,588	40,54,360	16,00,021	1,12,92,393	60,86,924	3,42,00,316	2,279,988

N. G. BASU,
Offg. Deputy Comptroller General.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 23, 1910.

E.—*Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.*

REVENUE AND EXPENDITURE.		Accounts, 1908-1909.					Revised Estimate, 1909-1910.		Budget Estimate, 1910-1911.	
		Revenue.	Expenditure. Refunds and Assignments.	Expenditure. Cost of Collection and Production.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Revenue Heads.	£	£	£	£	£	£	£	£	£
Principal Heads of Revenue.	Land Revenue (excluding that due to Irrigation)	19,759,060	754,022	3,653,952	15,351,106		16,878,900		16,631,200	
	Opium	5,884,788	3,587	1,236,088	4,645,113		4,232,600		3,550,100	
	Salt	3,276,159	267,455	343,108	2,665,596		2,712,400		2,770,100	
	Stamps	4,344,156	50,201	174,038	4,119,917		4,357,600		4,588,700	
	Excise	6,389,628	75,848	390,552	5,923,228		6,059,400		6,328,800	
	Provincial Rates	533,595	619	4,384	528,592		540,200		535,600	
	Customs	4,832,264	107,181	209,023	4,516,060		4,583,000		5,686,400	
	Assessed Taxes	1,553,419	8,843	25,508	1,519,068		1,528,500		1,584,400	
	Forest	1,700,894	9,030	994,158	697,706		690,000		669,900	
	Registration	430,936	961	231,809	198,166		197,300		201,700	
	Tributes	589,036	202,680	...	387,556		396,900		395,200	
	TOTAL	49,294,535	1,479,827	7,262,660	40,552,048		42,176,800		42,942,100	
	Total deduction from Revenue		8,742,487							
	Expenditure Heads.									
Debt Services	Interest	987,325	1,966,832			979,507		916,900		1,027,600
Commercial Services.	Post Office	1,825,620	1,896,753			71,133		22,300	26,200	
	Telegraph	978,097	1,028,073			49,976		107,500		140,400
	Railways	9,958,041	11,200,291			1,242,250	828,500		562,200	
	Irrigation	3,558,002	2,949,179		608,823		590,600		493,600	
Other Public Works	Civil works, &c.	287,938	4,496,342			4,208,404		3,891,900		4,257,200
Mint	Mint	102,654	192,129			89,475		23,700	50,800	
Civil Departments	Civil Departments	1,145,977	14,488,681			13,342,704		13,138,900		13,900,200
Miscellaneous Civil Services.	Superannuation	195,011	3,058,234			2,863,223		2,912,800		2,972,200
	Exchange	...	34,437			34,437	42,900		...	
	Miscellaneous	285,126	421,079			135,953		71,500		3,800
	Other heads	95,568	1,396,263			1,300,695		1,289,700		1,313,200
Famine Relief and Insurance	Famine Relief	...	992,079			992,079		66,500		...
	Other heads	...	653,100			653,100		933,500		1,000,000
Military Services	Army—Effective	764,740	16,031,102			15,266,362		15,045,300		15,394,300
	Army—Non-effective	98,199	3,146,164			3,047,965		3,041,100		3,084,800
	Marine	125,448	476,957			351,509		383,400		409,600
	Military works	59,254	967,362			908,108		783,800		816,300
	Special Defences (1902)	...	29,044			29,044		36,700		1,500
	TOTAL	69,761,535	74,166,588			4,405,053	973,300			246,200
Provincial Adjustment	Surplus		...					683,500		
	Deficit		667,343		667,343				622,200	
	TOTAL	69,761,535	73,499,245			3,737,710	289,800		376,000	
	Surplus						289,800		376,000	
	Deficit					3,737,710				
Capital Account	Railway and Irrigation Capital not charged to Revenue:—									
	Capital raised through Companies towards outlay on State Railways (net)				4,278,547		2,459,400		2,597,500	
	Capital subscribed by Native States towards outlay on State Railways						66,700		...	
	Profits on Rupee coinage appropriated for Railway Construction				51		...		...	
	Capital raised and deposited by Railway Companies (net)				1,020,306		15,800		122,200	
	Outlay on Irrigation Works					983,489		1,065,700		1,133,300
	Outlay on State Railways					9,488,168		6,778,300		8,518,600
	Outlay of Railway Companies (net)					562,613		2,310,600		2,468,300
	Capital involved in Redemption of Railway Liabilities					...		...		5,904,100
Debt, Deposits, Advances, and Remittances.	Permanent Debt (net)				5,633,956		10,574,500		4,297,400	
	Temporary Debt (net)				5,000,000		...		2,250,000	
	Unfunded Debt (net)				251,421		849,500		1,119,200	
	Loans and Advances by Imperial Government (net)				396,202		115,200			66,900
	Loans and Advances by Provincial Governments (net)					944,407	744,700		196,200	
	Loans to Local Boards for Railway Construction (net)				5,847		6,100		6,300	
	Deposits and Advances (net)					1,085,718	3,017,300			526,300
	Remittances (net)					277,008	164,800		9,000	
	Secretary of State's Bills drawn (net)				12,423,939		18,090,000		15,500,000	
	Secretary of State's bills paid (net)					11,831,826		18,132,900		15,503,900
					29,010,269	28,910,939	36,303,800	28,288,500	26,473,800	34,121,400
Cash Balance	Opening Balance (net)				18,590,212		18,689,542		20,704,842	
	Closing Balance (net)					18,689,542		26,704,842		19,057,242
	TOTAL				47,600,481	47,600,481	54,993,342	54,993,342	53,178,642	53,178,642

N. G. BASU,
Offg. Deputy Comptroller General.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 23, 1910.

MEMORANDUM EXPLAINING CHANGES MADE IN THE FIGURES OF THE FINANCIAL STATEMENT.

Revised, 1909-1910.

Revenue and Expenditure.

The Imperial surplus in 1909-1919 is now estimated at £289,800 against £269,500 shown in the Financial Statement presented to the Council on the 25th February. There is an increase of £70,800 under Revenue, but this is partly counterbalanced by an increase of £50,500 under Expenditure.

2. Of the improvement in Revenue, £44,100 occurs under Customs and is mainly due to a greater revival in the import of piece-goods and to the fact that the previous estimate did not attempt to pre-judge the course that would be taken in the matter of levying the enhanced duty on silver and tobacco at sea and held in bond. The remainder is distributed under two heads *viz.*, Opium (£10,000) and Exchange (£16,700). Under the former head, the price realised at the March sale of Bengal opium has proved somewhat better than was estimated, while there have been some additional receipts in Bombay. Under the latter, the very heavy demand which has recently sprung up for Council Bills will result in a more favourable rate being obtained on the net remittance of funds from India to England than was previously estimated. Under Railways, there is an improvement of £366,700 in the Gross Receipts owing to brisker traffic in the last few weeks, mainly on the Great Indian Peninsula and the North-Western lines. But the additional revenue will be devoted to meeting large transfers from capital to revenue expenditure in connection with betterments, so as to reduce the liabilities on this account in subsequent years; and no increase is anticipated in the net Receipts.

3. Under Expenditure, there is an increase of £80,000 in the opium refunds in Bombay, and of £57,200 under Military Services in England mainly in consequence of larger payments in connection with the purchase of stores required for India. On the other hand, there is a decrease of £66,700 under Political, owing to a further saving of this amount in the provision for the payment of subsidy to His Majesty the Amir of Afghanistan; and Interest expenditure in India is likely to fall short of the original estimate by £20,000.

Capital Expenditure.

4. There is an additional lapse of £149,000 under Capital Outlay on State Railways, and of £76,000 in the Capital Outlay of Railway Companies. The whole of the former appears in the Indian section of the estimates, but £129,000 of it occurs in the Home expenditure of Companies working purchased railways. The saving under the latter head is made up of a decrease of £80,000 in India, and an increase of £4,000 in England.

Ways and Means—Home Treasury.

5. As a result of the heavy demand for Council Bills in the last few weeks, the total drawings of the Secretary of State during the current year are now taken at £25,380,000. Of this, £6,630,000 will be appropriated for remittances of the Gold Standard Reserve; and £750,000 will be treated as a remittance on account of the Currency Department and placed in the Paper Currency Reserve in London. The amount available to meet the requirements of the Home Treasury will therefore be £18,000,000 against £17,000,000 adopted as the previous estimate. The receipts in the current year on account of the new 3½ per cent. sterling loan issued in January are also expected to be more by £1,040,000. The net result of the other transactions of the Home Treasury does not, however, materially differ from the previous estimate—there being a small improvement of £3,800 made up as follows:—

	£
Better.	
Net payments to railway companies working purchased lines, *less*	129,000
Worse.	
Net expenditure on revenue account, *more*	57,200
Net payments to railway companies for capital outlay, *more*	4,000
Deposits, advances and miscellaneous remittance transactions, *net*	64,000

The cash balance in England at the end of 1909-1910 therefore now stands at £2,043,800 more than the previous estimate, *i.e.*, at £14,802,415.

6. Owing to the increase in the Secretary of State's drawings, the payments of Council Bills from treasury balances in 1909-1910 exceed the former estimate by £763,800. There is also a decrease of £129,000 in the net credit on account of remittances of railway capital from England and of £14,500 in the net receipts from miscellaneous deposit and remittance transactions. On the other hand, there is an improvement of £77,500 in the revenue account, and there is an additional saving of £229,000 under capital expenditure on railways (inclusive of outlay by companies). The reduction in the closing balance in India at the end of the year therefore amounts to £600,800, the balance standing at £11,902,427. *Ways and Means—India.*

Budget, 1910-1911.

7. The following table shows, in detail of major heads of account, the differences between the figures adopted in the final Budget and those appearing in the Financial Statement already presented: *Revenue and Expenditure.*

Major heads.	Financial Statement.		Budget.		Increase +, Decrease —.	
	Imperial.	Provincial.	Imperial.	Provincial.	Imperial.	Provincial.
	£	£	£	£	£	£
Revenue.						
I. Land Revenue	8,162,700	12,976,200	8,151,600	12,987,300	—11,100	+11,100
III. Salt	3,365,000	...	3,395,000	...	+30,000	...
IV. Stamps	2,411,500	2,345,000	2,408,100	2,341,700	—3,400	—3,300
V. Excise	3,458,400	3,328,300	3,481,400	3,351,300	+23,000	+23,000
VII. Customs	6,018,300	...	6,038,300	...	+20,000	...
XXVI. State Railways—Net Receipts	12,490,600	1,300	12,590,600	1,300	+100,000	...
XXIX. Major Irrigation	969,200	1,285,400	983,800	1,271,300	+14,600	—14,100
Other heads	13,628,000	4,824,700	13,628,000	4,824,700	...	...
Total Revenue	50,503,700	24,760,900	50,676,800	24,777,600	+173,100	+16,700
Expenditure.						
19A. Courts of Law	60,800	2,756,400	60,800	2,757,100	...	+700
20. Police	197,800	4,213,000	197,800	4,216,300	...	+3,300
22. Education	58,300	1,845,300	58,300	1,848,600	...	+3,300
24. Medical	69,400	1,077,600	69,400	1,061,000	...	—16,600
32. Miscellaneous	72,700	251,000	92,700	256,100	+20,000	+5,100
41. Miscellaneous Railway Expenditure.	34,100	1,200	57,100	2,200	+23,000	+1,000
43. Minor Irrigation	228,900	697,200	228,900	702,200	...	+5,000
45. Civil Works	741,800	3,813,900	741,800	3,817,200	...	+3,300
Other heads	48,794,000	10,739,100	48,794,000	10,739,100	...	...
Total Expenditure	50,257,800	25,394,700	50,300,800	25,399,800	+43,000	+5,100
Imperial surplus	245,900	...	376,000	...	+130,100	...
Provincial deficit	...	—633,800	...	—622,200	...	+11,600

8. There is no change in the total estimate of *Land Revenue*. The decrease in the Imperial, and the increase in the Provincial, share are due to the following adjustments:— *Revenue.*

	£
(*i*) Assignment to the United Provinces to raise the provincial Irrigation revenue to the minimum amount guaranteed in the Provincial Settlement, *more*	—24,900
(*ii*) Assignment to the Punjab for a similar purpose, *less*	+17,100
(*iii*) Assignments from Provincial to Imperial in connection with the new scheme of taxation, *less* (*vide* remarks under Stamps below)	—3,300
	—11,100

Under *Salt*, the budget has been raised by £30,000 as the returns for February indicate that we can now count on a somewhat higher consumption

in 1910-11 than was previously allowed for. The reduction under *Stamps* has been made with reference to the changes eventually made in the legislation which was originally proposed for amending the Stamp and Court-fees Acts. The improvement in *Excise* revenue is expected in the United Provinces and Punjab, where the bids for licenses for retail vend in 1910-11 have yielded better results than were anticipated. The estimate under *Customs* has been increased by £20,000, with reference to the improvement in the trade in piece-goods which has taken place during the last month. In view of the recent considerable increase of activity in traffic on some of the lines, we think that the estimates of both gross and net Receipts of *State Railways* may now safely be raised by £100,000. Under Direct Receipts of *Major Irrigation Works*, there is an increase of £45,600 (Imperial—£28,600, Provincial—£17,000) in the Punjab, as the proposal for the revision of rates in the Delhi Division is not now likely to be introduced next year; but on the other hand there is a decrease of £45,100 (Imperial—£14,000; Provincial—£31,100) in the United Provinces where the copious winter rains have reduced the demand for *rabi* irrigation.

Expenditure.

9. The increase of £20,000 in the Imperial expenditure under "32—Miscellaneous" represents a reserve provision for unforeseen requirements made chiefly in view of certain items of necessary outlay which have been sanctioned since the presentation of the Financial Statement but for which no provision was made in next year's estimates. The addition made in the Imperial figure under Miscellaneous Railway Expenditure is intended to provide for a special payment in connection with the new agreement with the South Indian Railway Company.

The variations under Provincial expenditure represent alterations made by the Local Governments in their previous estimates with reference to the recommendations of their Legislative Councils or otherwise. They mainly consist of transfers from one head to another, there being a *net* increase of £5,100 only in the total expenditure.

Ways and Means—Home Treasury.

10. Excluding receipts from Council Bills and from the new sterling loan raised in the current year, the estimated net disbursement in England in 1910-1911 now amounts to £24,304,100 against the previous estimate of £24,277,100—the increase of £27,000 being made up of an excess of £4,000 in the revenue expenditure and of £23,000 in the payments to companies working purchased lines. Of this £15,500,000 will be met by Council Bills and £589,600 from the amount to be received in 1910-1911 on account of the new sterling loan of January last. The remaining £8,214,500 will be met from cash balances which will be reduced during the course of the year from £14,802,415 to £6,587,915.

Ways and Means—India.

11. In India, the variations from the figures of the original estimates are:—

Better.

	£
Improvement in revenue account—Imperial and Provincial .	145,700
Payment of Council Bills, *less*	597,200
	742,900

Worse.

Opening balance, *less*	600,800
Net receipts from deposit, advance and remittance transactions, *less*	76,900
	677,700

There is thus an improvement of £65,200 in the Indian cash balance at the end of 1910-1911, and it is now taken at £12,469,327.

J. S. MESTON.

23rd March 1910.

APPENDIX.

APPEN

COMMERCIAL AND

TABLE I.—MIS

	1901-1902.	1902-1903.	1903-1904.
Recorded Revenue compared with recorded expenditure excluding Capital Expenditure on Public Works not charged against Revenue—			
Surplus	£4,950,243	£ 3,069,549	£ 2,996,400
Deficit	...	...	...
Capital Expenditure on Public Works not charged against Revenue*	£ 4,071,152	£ 5,128,192	£ 5,043,003
Ditto charge involved in Redemption of Liabilities	...	...	...
Net Public Debt incurred	£ 2,582,283	£ 1,039,655	£ 2,146,825
Net Public Debt incurred, including Capital transactions with Guaranteed Railways and other Companies	£ 3,207,898	£ 1,414,781	£ 225,540
Value of commodities exported, excluding Gold and Silver ₹	1,24,89,50,000	1,29,39,60,000	1,53,51,70,000
Ditto imported, ditto ditto ₹	88,78,00,000	85,81,90,000	92,59,20,000
Excess of Exports over Imports, excluding Gold and Silver ₹	36,11,50,000	43,57,70,000	60,92,50,000
Net Imports of Gold ₹	1,93,80,000	8,76,40,000	9,93,20,000
Ditto of Silver ₹	7,19,30,000	6,95,70,000	13,65,30,000
TOTAL NET IMPORTS OF GOLD AND SILVER ₹	9,13,10,000	15,72,10,000	23,58,50,000
Excess of Exports over Imports including Gold and Silver ₹	26,98,40,000	27,85,60,000	37,34,00,000
Grand Total value of Imports and Exports of all kinds ₹	2,45,74,80,000	2,50,25,20,000	2,99,57,70,000
Secretary of State's Bills sold (Rupees) ₹	§ 27,83,01,050	§27,74,67,265	§35,67,94,845
Sterling Equivalent received £	§ 18,539,071	§18,499,947	§23,859,303
Silver coined at the Indian Mints ₹	5,13,47,732	11,38,94,848	16,53,11,541
Maximum price in pence of an oz. troy, standard Silver in London	27 1/16 (Apl.)	27 1/8 (Apl.)	28 1/2 (Oct.)
Minimum ditto ditto	24 1/16 (Mar.)	21 11/16 (Nov. & Jan.)	22 3/8 (Apl.)
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 3·9876d.	1s. 4·0018d.	1s. 4·049d.
Fixed rate of Exchange for the Adjustment of Transactions between the Indian and Imperial Treasuries	1s. 4d.	1s. 4d.	1s. 4d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	8 (Feb. 12 to Mar. 26).	8 (Feb. 19 to Mar. 25).	7 (from Jan. 21 to Mar. 9).
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	3 (July 18 to Aug. 21).	3 (July 10 to Oct. 14).	3 (Aug. 27 to Dec. 9).
Maximum rate of discount at the Bank of England	4 (Apl. to June 5 and Nov. to Jan. 22).	4 (Oct. 2 to Mar. 31).	4 (Apl. 1 to May 20 and Sept. 3 to Mar.).
Minimum ditto ditto	3 (June 13 to Oct. 30, and Feb. 6 to Mar. 31).	3 (Apl. 1 to Oct. 1).	3 (June 18 to Sept. 2).
Maximum Government balances at the three Presidency Banks ₹	3,38,00,000(June)	3,60,28,000(Dec.)	3,52,12,000 (Apl.)
Minimum ditto ditto ₹	2,93,82,000(Mar.)	3,06,74,000(Oct.)	3,03,54,000 (Feb.)
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	97—7 (Aug. 15)	99—9 (May 17)	99—7 (Apl. 27 & 28).
Minimum ditto ditto	94—7 (May 11)	96—12 (Apl. 2 & 3)	94—10 (Jan. 9)
Maximum price in Calcutta of 3 per cent Rupee Securities	87—0 (Apl. 1 to May 8).	87—8 (Mar. 30)	87—8 (Apl. 1)
Minimum ditto ditto	83—0 (Jan. 11 to Feb. 1 and Mar. 8 to Mar. 31).	82—12(Apl. 1 & 2)	85—4 (Feb. 8 to Mar. 31)
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts ₹	22,34,60,000(Apl.)	20,28,92,000(Apl.)	18,61,10,000(Apl.)
Minimum ditto ditto ₹	20,23,95,000(Dec.)	18,63,35,000(Mar.)	17,05,01,000 (Jan.)
Maximum price in London of 4 per cent (Rupee) Securities in Gold	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in London of 3½ per cent (Rupee) Securities in Gold	64 3/4 (Feb.)	66 1/8 (Feb. & Mar.)	66 1/16 (Sept.)
Minimum ditto ditto	63 (July)	64 1/2 (Apl. & June)	64 (Jan. & Feb.)
Maximum price in London of India 3½ per cent Stock	109 5/8 (Aug.)	110 5/8 (June)	108 7/8 (July)
Minimum ditto ditto	106 1/4 (July)	105 1/4 (Mar.)	102 (Jan.)
Maximum price in London of India 3 per cent Stock	102 (June)	102 1/4 (June)	100 1/4 (May)
Minimum ditto ditto	97 3/16 (Oct.)	98 1/4 (Mar.)	93 3/4 (Mar.)
Maximum price in London of India 2½ per cent Stock	87 (Apl.)	90 1/8 (June)	85 1/2 (Apl.)
Minimum ditto ditto	84 1/8 (Dec.)	84 1/2 (Mar.)	78 3/4 (Mar.)
Maximum Government Paper Currency outstanding ₹	31,85,96,000(Oct.)	35,72,36,000(Mar.)	38,21,17,000(Mar.)
Minimum ditto ditto ₹	27,67,80,000(Feb.)	31,24,79,000(Apl.)	33,94,09,000(Apl.)
Number of Post Office Savings Banks	7,053	7,075	7,372
Number of accounts in Post Office Savings Banks	866,693	922,353	987,635
Amount deposited in Savings Banks ₹	10,68,21,233	11,42,15,534	12,33,36,717
Average of each deposit ₹	123·25	123·83	124·88
Net addition to deposits ₹	63,88,664	73,94,301	91,21,183

* Excludes capital charge involved in redemption of

§ Include remittances of the Gold Reserve Fund.

DIX.

FINANCIAL STATISTICS.

CELLANEOUS.

1904-1905.	1905-1906.	1906-1907.	1907-1908.	1908-1909.	1909-1910, Revised.	1910-1911. Budget.
£ 3,456,066	£ 2,091,854	£ 1,589,340	£ 300,615	...	£ 289,800	£ 376,000
...	...	...	...	£ 3,737,710	...	...
£ 6,258,195	£ 9,966,393	£ 8,712,668	£ 11,412,767	£ 10,471,657	£ 7,845,000	£ 9,651,900
...	£ 12,980,960	...	£ 2,144,800	...	...	£ 5,904,100
£ 3,413,480	£ 16,752,546	£ 4,166,102	£ 10,725,963	£ 5,633,956	£ 10,574,500	£ 4,297,400
£ 4,488,109	£ 18,567,395	£ 2,144,709	£ 13,311,920	£ 10,370,196	£ 10,739,100	£ 4,548,800
1,57,72,20,000	1,61,83,50,000	1,76,67,40,000	1,77,37,30,000	1,53,11,00,000	1,46,52,00,000(*b*)	
1,04,41,30,000	1,12,11,40,000	1,17,24,20,000	1,36,53,80,000	1,28,77,80,000	1,03,22,60,000(*b*)	
53,30,90,000	49,72,10,000	59,43,20,000	40,83,50,000	24,33,20,000	43,29,40,000(*b*)	
9,70,60,000	45,80,000	14,85,60,000	17,36,80,000	4,35,60,000	16,39,00,000(*b*)	
13,26,10,000	15,72,30,000	24,00,60,000	19,46,80,000	12,06,80,000	8,35,60,000(*b*)	
22,96,70,000	16,18,10,000	38,86,20,000	36,83,60,000	16,42,40,000	24,74,60,000(*b*)	
30,34,20,000	33,54,00,000	20,57,00,000	3,99,90,000	7,90,80,000	18,54,80,000(*b*)	
3,18,18,40,000	3,21,07,00,000	3,44,21,40,000	3,61,64,40,000	3,10,95,20,000	2,85,38,40,000(*b*)	
§36,53,57,364	§46,62,43,236(*a*)	49,09,99,935	§24,30,65,151	§ 20,96,37,188		
§24,425,558	§31,166,973(*a*)	32,907,196	§16,232,061	§ 13,915,426		
11,37,04,366	20,00,14,452	26,08,57,405	18,11,56,540	2,85,35,914		
28 9/16 (Dec.)	30 1/16 (Feb.)	33 1/8 (Nov.)	32 3/16 (Aug.)	25 1/8 (Apl.)	24 1/16 (May)	
24 3/4 (Apl.)	25 7/16 (Apl.)	29 5/8 (Apl. & June)	24 (Dec.)	22 (Dec.)	23 1/16 (Oct.)	
1*s.* 4·045*d.*	1*s.* 4·042*d.*	1*s.* 4·083*d.*	1*s.* 4·029*d.*	1*s.* 3·964*d.*	1*s.* 4·037*d.*	1*s.* 4*d.*
1*s.* 4*d.*	1*s.* 4*d.*	1*s.* 4*d.*	1*s.* 4*d.*	1*s.* 4*d.*	1*s.* 4*d.*	1*s.* 4*d.*
8 (from Mar. 9 to 22).	9 (from Feb. 1 to Mar. 14).	9 (from Dec. 6 to Mar. 31).	9 (from Apl. 1 to 17 and Jan. 16 to Mar. 4).	8 (from Jan. 28 to March 31).	7 (from 1 to 28 Apl. and from Mar. 3).	
3 (June 23 to Oct. 5).	3 (July 20 to Aug. 16).	3 (from July 19 to Aug. 8).	3 (from July 25 to Sept. 11).	3 (from July 16 to Sep. 2).	3 (from July 1 to Sep. 29).	
4(Apl. 5 to 13)	4 (Sept. 28 to Mar.).	6 (Oct. 19 to Jan. 16).	7 (Nov. 7 to Dec. 31).	3 (Apl. 1 to May 27 & Jan. 14 to Mar.)	5 (Oct. 21 to Dec. 8).	
2 1/2 (from Mar. 9).	2 1/2 (Apl. 1 to Sept. 7).	3 1/2 (Apl. 5 to May 2, June 21 to Sept. 12).	3 1/4 (Mar.)	2 1/2 (May 27 to Jan. 13).	2 1/2 (Apl. 1 to Oct. 6).	
3,84,32,000 (Sept.)	3,82,91,000 (May)	3,68,28,000 (Aug.)	4,10,83,000 (Mar.)	4,19,82,000 (July)	4,58,77,000 (July)	
3,00,53,000 (Jan.)	2,84,08,000 (Nov.)	2,95,11,000 (Oct.)	2,86,56,000 (Apl.)	3,04,47,000 (Jan.)	3,07,61,000 (Apl.)	
99—9 (Aug. 16 Mar. 2 & 3).	100—4 (Aug. 4)	99—11 (Apl. 1 & 2).	98—6 (May 4 to 7)	96—15 (Apl. 7)	95—5 (Aug. 24)	
96—11 (Nov. 11)	97—8 (Jan. 9 & 10).	94—13 (Dec. 17 & 18).	95—8 (Jan. 14 and 15).	93—2 (Mar. 16)	92—12 (Dec. 4 to 7).	
87—4(from Mar. 3).	88—12 (Aug. 10 to 16).	87—2 (Apl. 1 to 19 & Apl. 24 to May 14).	82—8 (Apl. 1 to May 14).	81—0 (July 18 to Mar. 31).	82—0 (Aug. 31 to Nov. 11).	
85—4 (Apl. 5 to May 3).	87—0 (Dec. 21 and Mar. 19 to 22).	82—8 (Feb. 20 to 26 & Mar. 28).	79—0 (Feb. 5 to Mar. 31).	79—0 (Apl. 1 to May 2).	79—12 (Nov. 27).	
17,02,89,000(Apl.)	17,01,09,000(May)	16,92,17,000(Dec.)	16,44,30,000(Apl.)	15,29,69,000 (Apl.)	16,06,73,000 (Oct.)	
16,50,97,000(Feb.)	16,21,03,000(Dec.)	16,30,8,000 (July)	15,23,22,000(Mar.)	14,43,66,000(Mar.)	14,81,15,000(Apl.)	
...	...	...	...	...		
...	...	...	...	...		
66 5/8(Feb. & Mar.)	66 1/16 (Aug.)	66 3/8 (Apl.)	65 3/4 (Apl. & May)	63 1/16 (Apl.)	63 5/16 (Oct.)	
65 (July)	65 5/8 (June)	64 7/16 (Dec.)	62 3/4 (Nov.)	61 7/8 (Mar.)	61 7/8 (Apl.)	
109 (Feb.)	107 5/8 (Apl.)	106 (Apl.)	103 (Feb.)	102 1/8 (June)	100 5/8 (May)	
103 (Apl.)	103 1/8 (Oct.)	99 1/2 (Mar.)	96 3/4 (Aug.)	95 7/8 (Mar.)	95 1/4 (Mar.)	
99 5/8(Feb.)	98 1/16 (Apl.)	97 1/4 (Apl)	93 (Feb.)	92 7/8 (Apl.)	90 1/8 (Apl.)	
93 1/8 (Aug.)	94 7/8 (Oct.)	88 1/2 (Mar.)	84 1/2 (Sept.)	84 1/8 (Mar.)	81 3/4 (Mar.)	
85 1/4 (Feb.)	84 1/4 (Apl.)	82 (Apl.)	79 1/2 (Feb.)	78 3/4 (Apl.)	76 (Apl.)	
79 1/4 (Apl.)	79 5/8 (Oct.)	75 (Mar.)	70 1/2 (Aug.)	70 (Jan.)	69 1/2 (Dec.)	
42,51,61,000 (July)	44,65,66,000(Mar.)	47,30,20,000 (July)	52,74,34,000(Sept.)	48,09,87,000(July)	51,84,47,000 (Jan.)	
36,11,07,000(Apl.)	39,63,12,000(Dec.)	42,89,24,000 (May)	41,81,65,000(Jan.)	42,07,01,000(Dec.)	43,64,99,000(Apl.)	
7,855	8,071	8,049	8,328	8,501		
1,058,813	1,115,758	1,190,220	1,262,763	1,318,632		
13,40,70,130	13,99,26,260	14,76,69,789	15,18,14,343	15,23,41,514		
126·62	130·83	133·99	120·22	115·53		
1,07,33,414	58,56,130	77,43,529	41,44,554	5,27,171		

liabilities.

(*a*) Include remittance of the Currency Department.

(*b*) Figures for ten months of 1909-1910.

APPENDIX—*continued.*

Commercial and Financial Statistics.

Table II.—Statement showing the true financial results to the Revenues of India of the guarantee of interest upon the Capital of Guaranteed Railway Companies.

(Omitting 000 in rupee figures and 00 in sterling figures, except in accounts.)

	Accounts.					Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
	1904-1905.	1905-1906.	1906-1907.	1907-1908.	1908-1909.		
	Miles.	*Miles.*	*Miles.*	*Miles.*	*Miles.*	*Miles.*	*Miles.*
Open mileage at end of official year	1,408	904	904	(*b*)905	...	...	...
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Gross traffic receipts	3,23,13,144	2,81,37,181	1,52,03,434	1,17,53,343	(*c*)3,675	...	...
Working expenses	1,61,90,936	1,43,07,550	92,21,417	83,24,119	18,094	1	...
Percentage of working expenses on receipts	50·11	50·85	60·65	70·82	...	...	...
Net Revenue	1,61,22,208	1,38,29,631	59,82,017	34,29,224	—*14,419*	—*1*	...
Guaranteed Interest paid in England £	*1,047,316	*1,052,955	584,751	576,576	...	...	...
Ditto converted at Rs. 15 = £1 from 1898-99	1,57,09,732	1,57,94,325	87,71,265	86,48,641	...	...	...
Guaranteed interest paid in India *plus* interest on overdrawn Capital	2,77,131	40,318	...	56,878	...	...	...
Surplus paid to Railway Companies	19,08,241	17,73,467	9,05,248	1,29,476	1,82,642	...	...
Land and Supervision	(*a*) 1,12,648	1,19,911	—*2,79,713*	46,612	8,508	—*25*	—9
Net loss on receipts and disbursements of Capital in India at the contract rates of exchange instead of at the average yearly rates obtained for the Secretary of State's bills	4,72,410	5,66,282	6,62,552	59,349	4,456	...	...
Total Expenditure	1,84,80,162	1,82,94,303	1,00,59,352	89,40,956	1,95,606	—25	—9
Net Expenditure from the Public Treasury	23,57,954	44,64,672	40,77,335	55,11,732	2,10,025	—*24*	—*9*

* The Accounts for 1904-1905 and for 1905-1906 include £2,173 and £14,335 respectively on account of "Interest on advances" to Guaranteed Railway Companies (B., B. and C. I. Railway).

(*a*) Excludes the net credit under supervision, *vide* Account 54 A of the Finance and Revenue Accounts for 1904-1905.
(*b*) The Madras Railway was purchased by Government with effect from 1st January 1908 and ceased to be a Guaranteed Railway on that date.
(*c*) The figures represent adjustments carried out to close accounts.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on State Railways in 1908-1909, and Estimated Expenditure on such works in 1909-1910 and 1910-1911, and to end of 1910-1911.

Railways.	To end of 1907-1908.	Accounts, 1908-1909.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.	To end of 1910-1911.	Sanctioned Outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Open Lines.								
Agra-Delhi Chord	1,28,40,054	17,540	4,55,000	5,06,000	1,38,18,594	1,38,18,594	...	
Ahmedabad-Dholka (earthwork, etc.)	59,900	...	...	...	59,900	59,900	...	
Assam-Bengal (Construction)	7,67,99,207	34,16,202	40,34,000	40,62,000	8,83,11,409	8,83,11,409	...	
Ditto (Land)	42,18,183	—*23,894*	1,17,000	35,000	43,46,289	43,46,289	...	
Baran-Kotah	33,57,994	10,51,035	1,40,000	...	45,49,029	45,49,029	...	
Bellary-Royadrug	7,80,717	746	...	...	7,81,463	7,81,463	...	
Bezwada Extension	11,83,136	660	28,000	6,000	12,17,796	12,17,796	...	
Bhopal	34,46,354	1,12,279	1,36,000	89,000	37,83,633	37,83,633	...	
Bombay, Baroda and Central India	20,74,29,666	57,24,399	76,98,000	75,00,000	22,83,52,065	22,83,52,065	...	
Burma	7,69,12,324	2,05,00,000	...	...	9,74,12,324	9,74,12,324	...	
Burma, Railway Extensions	1,80,31,994	26,25,784	6,75,000	1,75,000	2,15,07,778	2,15,07,778	...	
Coonoor-Ootacamund	24,51,185	6,55,452	5,71,000	2,94,000	39,71,637	39,71,637	...	
Dhone-Kurnool	4,96,964	3,63,409	1,31,000	40,000	10,31,373	10,31,373	...	
East Indian	41,59,10,989	1,93,55,214	1,52,14,000	1,79,00,000	46,83,80,203	46,83,80,203	...	
Eastern Bengal	20,00,02,141	96,05,169	1,08,67,000	1,03,86,000	23,08,60,310	23,08,60,310	...	
Carried over	1,02,39,20,808	6,34,03,995	4,00,66,000	4,09,93,000	1,16,83,83,803	1,16,83,83,803	...	

APPENDIX—*continued.*

RAILWAYS.	To end of 1907-1908.	Accounts, 1908-1909.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.	To end of 1910-1911.	Sanctioned outlay.	Balance remaining unspent.	REMARKS.
Brought forward	Rs. 1,02,39,20,808	Rs. 6,34,03,995	Rs. 4,00,66,000	Rs. 4,09,93,000	Rs. 1,16,83,83,803	Rs. 1,16,83,83,803	Rs. ...	
OPEN LINES.								
East Coast—Northern Section	3,09,29,430	...	...	...	3,09,29,430	3,09,29,430	...	
Frontier Railway Reserve Material	43,98,222	*—2,819*	*—3,000*	...	43,92,403	43,92,403	...	
Golakganj-Gauhati	97,34,607	13,95,953	10,12,000	7,28,000	1,28,70,560	1,28,70,560	...	
Great Indian Peninsula System	15,99,83,157	1,72,77,802	*—4,17,000*	1,34,00,000	19,02,43,959	19,02,43,959	...	
Hospet-Kottur	15,14,803	302	...	...	15,15,105	15,15,105	...	
Indian Midland	...	...	...	8,85,62,000	8,85,62,000	8,85,62,000	...	
Jodhpur-Hyderabad (British Section)	43,46,713	*—1,22,997*	1,12,000	*—98,000*	42,37,716	42,37,716	...	
Jorhat	9,30,292	6,235	23,000	4,000	9,63,527	9,63,527	...	
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	51,21,139	...	
Madras and Southern Mahratta Railway (Madras Section)	14,98,67,344	9,15,828	29,000	...	15,08,12,172	15,08,12,172	...	
Nagda-Muttra	3,01,26,243	69,61,414	22,57,000	3,68,000	3,97,12,657	3,97,12,657	...	
North-Western	60,76,62,482	3,68,74,018	3,27,68,000	2,55,77,000	70,28,81,500	70,28,81,500	...	
Oudh and Rohilkhand	(*a*) 22,78,20,170	56,98,495	47,30,000	41,14,000	24,23,62,665	24,23,62,665	...	(*a*) Includes Rs. 141 on account of survey outlay brought on to the construction account during 1907-1908.
Palanpur-Deesa	2,39,155	8,066	...	...	2,47,221	2,47,221	...	
Petroleum Operations Baluchistan	1,19,187	...	...	...	1,19,187	1,19,187	...	
Rajputana-Malwa System	17,11,34,464	47,93,568	43,00,000	40,00,000	18,42,28,032	18,42,28,032	...	
Rohilkund and Kumaon Railway (Kachhaghat bridge)	76,416	...	...	...	76,416	76,416	...	
Carried over	2,42,79,24,632	13,72,09,860	8,48,77,000	17,76,48,000	2,82,76,59,492	2,82,76,59,492	...	

APPENDIX—*continued.*

RAILWAYS.	To end of 1907-1908.	Accounts, 1908-1909.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.	To end of 1910-1911.	Sanctioned Outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	2,42,79,24,632	13,72,09,860	8,48,77,000	17,76,48,000	2,82,76,59,492	2,82,76,59,492	...	
South Indian	13,09,62,919	29,60,759	46,06,000	90,00,000	14,75,29,678	14,75,29,678	...	
Tinnevelly Quilon (British Section)	43,86,422	3,434	11,000	38,000	44,38,856	44,38,856	...	
Ditto (Native State Section)	1,18,10,206	—*10,462*	2,000	42,000	1,18,43,744	1,18,43,744	...	
Tirhoot and Extensions	7,22,29,217	13,58,099	13,04,000	17,04,000	7,65,95,316	7,65,95,316	...	
Warora Colliery	11,10,032	...	...	...	11,10,032	11,10,032	...	
TOTAL OPEN LINES	2,64,84,23,428	14,15,21,690	9,08,00,000	18,84,32,000	3,06,91,77,118	3,06,91,77,118	...	
LINES UNDER CONSTRUCTION.								
Allahabad Rai Bareli-Cawnpur	...	...	8,50,000	44,00,000	52,50,000	1,34,71,367	82,21,367	
Balamau-Sitapur and Rosa-Sitapur	(*a*)29,839	7,32,956	27,00,000	35,13,000	69,75,795	69,75,784	—*11*	(*a*) Survey outlay brought on to the construction account during 1907-1908.
Dharmapuri Hosur Extension	...	...	2,22,000	5,00,000	7,22,000	22,50,517	15,28,517	
Itarsi-Nagpur	...	9,79,262	19,07,000	40,00,000	68,86,262	4,10,00,000	3,41,13,738	
Lower Ganges Bridge Project	(*a*) 81,658	48,744	35,43,000	40,00,000	76,73,402	3,00,00,000	2,23,26,598	
Rangia Tangla	...	...	...	10,00,000	10,00,000	12,00,000	2,00,000	
Samastipur-Roserah	...	...	...	10,00,000	10,00,000	10,00,000	...	
Carried over	1,11,497	17,60,962	92,22,000	1,84,13,000	2,95,07,459	9,58,97,668	6,63,90,209	
TOTAL OPEN LINES, carried over	2,64,84,23,428	14,15,21,690	9,08,00,000	18,84,32,000	3,06,91,77,118	3,06,91,77,118	...	

APPENDIX—*continued.*

RAILWAYS.	To end of 1907-1908.	Accounts, 1908-1909.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.	To end of 1910-1911.	Sanctioned Outlay.	Balance remaining unspent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TOTAL OPEN LINES, brought forward	2,64,84,23,428	14,15,21,690	9,08,00,000	18,84,32,000	3,06,91,77,118	3,06,91,77,118	...
Brought forward	1,11,497	17,60,962	92,22,000	1,84,13,000	2,95,07,459	9,58,97,668	6,63,90,209
Shorkot Road Chichoki	17,18,839	11,21,788	21,52,000	45,00,000	94,92,627	88,40,983	*—6,51,644*
Southern Shan States	...	...	2,00,000	30,00,000	32,00,000	1,60,00,000	1,28,00,000
Trans-Indus (Kalabagh Bannu)	...	...	1,00,000	25,00,000	26,00,000	63,05,814	37,05,814
TOTAL LINES UNDER CONSTRUCTION	18,30,336	28,82,750	1,16,74,000	2,84,13,000	4,48,00,086	12,70,44,465	8,22,44,379
LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES, ETC.							
Bellary-Kistna	1,65,78,416	...	...	...	1,65,78,416	1,65,78,416	...
Bilaspur-Etawah	75,132	...	...	...	75,132	75,132	...
Jullundur-Hoshiarpur	14,531	...	...	...	14,531	14,531	...
Ludhiana-Ferozepur	28,311	...	...	...	28,311	28,311	...
Nagpur-Chhattisgarh Depreciation Account	6,57,038	...	...	...	6,57,038	6,57,038	...
Ranaghat-Bhagwangola	3,02,450	...	...	...	3,02,450	3,02,450	...
Southern Mahratta (Depreciation on works, etc.)	5,27,071	...	...	...	5,27,071	5,27,071	...
Thal-Parachinar Railway and Kohat-Thal Conversion	11,11,319	*—83,922*	*—5,55,000*	...	4,72,397	4,72,397	...
Umaria Colliery	1,82,672	...	...	...	1,82,672	1,82,672	...
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035	2,45,035	...
TOTAL LINES IN ABEYANCE, ETC.	1,97,21,975	*—83,922*	*—5,55,000*	...	1,90,83,053	1,90,83,053	...
Stores	3,76,361	*—19,90,716*	...	...	*—16,14,355*	*—16,14,355*	...
GRAND TOTAL, carried over	2,67,03,52,100	14,23,29,802	10,19,19,000	21,68,45,000	3,13,14,45,902	3,21,36,90,281	8,22,44,379

APPENDIX—*continued.*

RAILWAYS.	To end of 1907-1908.	Accounts, 1908-1909.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.	To end of 1910-1911.	Sanctioned Outlay.	Balance remaining unspent.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
GRAND TOTAL, brought forward .	2,67,03,52,100	14,23,29,802	10,19,19,000	21,68,45,000	3,13,14,45,902	3,21,36,90,281	8,22,44,379	
Distributed as under—								
CAPITAL EXPENDITURE ON PUBLIC WORKS (not charged to Revenue)—								
State Railways—Construction* . . .	1,69,79,89,568	14,23,22,519	10,16,74,000	12,77,79,000	2,06,97,65,087			
Redemption of Liabilities†	81,89,70,043	...	...	8,85,62,000	90,75,32,043			
FAMINE RELIEF AND INSURANCE—								
Protective Railways	7,66,02,698	1,048	2,22,000	5,00,000	7,73,25,746			
CONSTRUCTION OF RAILWAYS (charged against Revenue in addition to that under Famine Insurance).	5,45,35,712	...	...	...	5,45,35,712			
CONSTRUCTION OF RAILWAYS (charged to Provincial Revenues).	73,29,538	6,235	23,000	4,000	73,62,773			
OTHER EXPENDITURE charged against Revenue .	1,49,24,541	...	...	...	1,49,24,541			
TOTAL AS ABOVE .	2,67,03,52,100	14,23,29,802	10,19,19,000	21,68,45,000	3,13,14,45,902	3,21,36,90,281	8,22,44,379	

* INCLUDES DEBENTURES RAISED BY COMPANIES—

Bombay, Baroda and Central India Railway .	...	1,43,90,464	...	...	1,43,90,464
East Indian Railway	14,65,13,085	3,54,04,539	3,68,91,000	1,40,25,000	23,28,33,624
Great Indian Peninsula Railway . . .	...	1,43,83,199	...	2,49,38,000	3,93,21,199
South Indian Railway	2,27,07,237	...	...	...	2,27,07,237
TOTAL .	16,92,20,322	6,41,78,202	3,68,91,000	3,89,63,000	30,92,52,524

† Pombay, Baroda and Central India Railway . . . . *Rs.* 18,72,06,696
East Indian Railway 18,05,98,229
Eastern Bengal Railway 3,10,54,458
Great Indian Peninsula Railway 8,88,35,250
Madras and Southern Mahratta Railway 3,21,72,000
North Western Railway 7,36,74,320
Oudh and Rohilkhand Railway 15,50,40,735
South Indian Railway 7,03,88,355
TOTAL . 81,89,70,043

Indian Midland Railway 8,85,62,000
90,75,32,043

APPENDIX—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV—Capital Expenditure on Irrigation Major Works in 1908-1909, and estimated expenditure on such works in 1909-1910 and 1910-1911, and to the end of 1910-1911.

IRRIGATION WORKS. CAPITAL EXPENDITURE NOT CHARGED TO REVENUE.	Actual outlay to end of 1907-1908.	Accounts, 1908-1909.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.	Total actual and estimated outlay to end of 1910-1911.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Burma.							
Mandalay Canal	50,17,387	50,711	1,47,000	4,000	52,19,098	...	...
Shwebo Canal	48,23,838	3,30,775	3,22,000	2,03,000	56,79,613	53,70,532	...
Mon Canals	24,42,857	8,45,980	7,21,000	6,25,000	46,34,843	42,63,836	...
Ye-u Canal	6,09,060	18,473	83,000	6,68,000	13,78,533	48,04,988	34,26,455
Bengal.							
Orissa Canals	2,60,70,300	44,376	84,000	43,000	2,62,41,676	...	...
Midnapur Canal	83,05,920	2,529	3,000	2,000	83,13,449	...	...
Hijili Tidal Canal	25,51,641	...	...	...	25,51,641	...	...
Sone Canal	2,58,12,302	1,698	...	6,000	2,58,20,000	...	...
United Provinces.							
Ganges Canal, including Mat and Hathras Branches	3,09,11,486	70,323	3,13,000	6,98,000	3,19,92,809	...	...
Lower Ganges Canal	3,48,59,635	1,26,474	1,72,000	1,37,000	3,52,95,109	...	...
Ditto, Fatehpur Branch	33,58,443	30,351	41,000	9,000	34,38,794	...	...
Agra Canal	1,05,39,926	2,04,579	1,36,000	1,49,000	1,10,29,505	...	...
Eastern Jumna Canal	46,37,014	41,666	43,000	32,000	47,53,680	...	...
Dun Canal*	10,84,515	21,244	59,000	75,000	12,39,759	...	...
Bijnor Canal*	2,50,210	—34	1,000	...	2,51,176	...	...
Punjab.							
Western Jumna Canal	1,65,52,124	7,466	14,000	20,000	1,65,93,590	...	...
Upper Bari Doab Canal	1,88,99,152	1,20,652	1,96,000	2,00,000	2,04,15,804	...	...
Sirhind Canal (State outlay)	2,37,93,445	—3,470	47,000	2,00,000	2,40,36,975	...	...
Lower Chenab Canal	2,74,94,719	1,36,978	1,53,000	3,00,000	2,80,84,697	...	...
Lower Jhelum Canal	1,55,11,633	96,827	1,08,000	3,00,000	1,60,16,460	1,83,95,782	23,19,322
Indus Inundation Canals	22,38,839	41,957	1,05,000	3,20,000	27,05,796	...	...
Upper Jhelum Canal	67,68,090	35,11,279	39,68,000	40,00,000	1,82,47,369	2,90,70,397	1,08,23,028
Upper Chenab Canal	97,37,170	48,57,684	41,29,000	36,00,000	2,23,23,854	2,97,43,052	74,19,198
Lower Bari Doab Canal	8,71,577	14,84,410	24,85,000	22,50,000	70,90,987	1,69,98,581	99,07,594
North-West Frontier Province.							
Paharpur Inundation Canal	6,79,843	2,01,823	38,000	20,000	9,39,666	9,71,448	31,782
Upper Swat River Canal	4,87,331	10,86,926	16,24,000	20,15,000	52,13,257	1,77,64,752	1,25,51,495
Lower Ditto	40,74,419	22,567	...	40,000	41,36,986	...	...
Kabul River Canal*	10,16,829	2,614	13,000	25,000	10,57,443	...	...
Madras.							
Godavari Delta System	1,21,44,353	24,629	37,000	44,000	1,22,49,982	...	...
Kistna Delta System	1,45,56,772	2,48,972	1,70,000	65,000	1,50,40,744	...	...
Pennér River Canals System	55,42,882	25,232	...	...	55,68,114	...	...
Periyar Project	97,67,981	1,39,714	1,34,000	1,42,000	1,01,83,695	...	...
Cauvery Delta system	34,70,879	89,722	1,00,000	1,07,000	37,67,601	...	...
Nagavalli River Project	8,74,131	2,39,712	1,54,000	2,12,000	14,79,843	10,26,606	...
Divi Island Project	15,23,810	1,19,378	90,000	1,22,000	18,55,188	19,50,000	94,812
Lower Coleroon Anicut*	15,47,245	1,09,179	57,000	50,000	17,63,424	...	...
Shatiatope Anicut*	4,93,262	1,42,165	94,000	55,000	7,84,427	...	...
Bombay.							
Desert Canal	26,22,234	...	...	15,000	26,37,234	...	...
Begari Canal	19,28,581	1,25,742	87,000	13,000	21,54,323	...	...
Eastern Nara Works	64,84,490	37,686	16,000	17,000	65,54,576	...	...
Jamrao Canal	78,81,239	52,574	74,000	1,55,000	81,62,813	...	...
Mutha Canals	69,45,627	1,44,049	63,000	75,000	72,27,676	...	...
Other projects	3,84,87,054	1,36,172	98,000	1,52,000	3,88,73,226	...	...
	40,46,70,245	1,49,91,190	1,61,79,000	1,71,65,000	45,30,05,435	...	...
Deduct—Outlay incurred from Ordinary Revenues	6,89,48,646	2,38,854	1,79,000	1,65,000	6,95,31,500	...	...
Carried over	33,57,21,599	1,47,52,336	1,60,00,000	1,70,00,000	38,34,73,935	...	...

* Transferred to "49" from 1st April 1907.

APPENDIX—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV—Capital Expenditure on Irrigation Major Works in 1908-1909, and estimated expenditure on such works in 1909-1910 and 1910-1911, and to the end of 1910-1911.

	Actual outlay to end of 1907-1908.	Accounts, 1908-1909.	Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.	Total actual and estimated outlay to end of 1910-1911.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Brought forward	33,57,21,599	1,47,52,336	1,60,00,000	1,70,00,000	38,34,73,935	...	...
PROTECTIVE IRRIGATION WORKS.							
Central Provinces.							
Tank Projects	35,18,246	14,00,653	15,05,000	15,52,000	79,75,899	...	...
Bengal.							
Tribeni Canal	31,04,374	6,54,141	8,99,000	8,10,000	54,67,515	50,20,251	...
United Provinces.							
Betwa Canal (including Dukwa weir)	66,78,615	6,56,673	3,96,000	65,000	77,96,288	...	...
Ken Canal	36,36,756	2,35,110	1,51,000	4,18,000	44,40,866	56,83,759	12,42,893
Dassan Canal	18,69,966	8,41,399	7,28,000	5,85,000	40,24,365	38,79,619	...
Madras.							
Rushikulya Project	46,59,959	—39,202	12,000	9,000	46,41,757	...	...
Mopad Project	5,26,358	—6,090	1,000	...	5,21,268	11,36,000	6,14,732
Bombay.							
Godaveri Canal	8,40,866	12,29,685	20,25,000	15,31,000	56,26,551	87,73,347	31,46,796
Chankapur Tank	11,95,038	1,71,632	2,72,000	40,000	16,78,670	16,99,056	20,386
Nira Canal (including Shetphal tank)	60,65,641	4,542	...	4,000	60,74,183	...	...
Budhihal Tank	4,88,665	250	...	...	4,88,915	13,98,529	9,09,614
Pravara River Project	2,981	99,310	3,34,000	8,40,000	12,76,291	81,36,368	68,60,077
Other projects	58,09,159	44,506	2,84,000	6,80,000	68,17,665	...	...
	3,83,96,624	52,92,609	66,07,000	65,34,000	5,68,30,233	...	...
Deduct—Outlay incurred from Ordinary Revenues	22,34,832	...	...	...	22,34,832	...	...
TOTAL	3,61,61,792	52,92,609	66,07,000	65,34,000	5,45,95,401	...	...
GRAND TOTAL	37,18,83,391	2,00,44,945	2,26,07,000	2,35,34,000	43,80,69,336	...	...

APPENDIX—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross traffic receipts, working expenses, and net traffic receipts of Guaranteed and State Railways for five years ending 1908-1909, with Revised Estimates for 1909-1910 and Budget Estimates for 1910-1911.

(Omitting ooo, except in accounts.)

	Accounts.					Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
	1904-1905.	1905-1906.	1906-1907.	1907-1908.	1908-1909.		
	M.	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
GUARANTEED RAILWAYS.							
Open mileage at beginning of year	1,408	1,408	904	905	...	...	...
Gross Traffic Receipts.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Madras	1,34,30,576	1,39,56,526	1,46,73,214	1,14,90,803	3,675	...	...
Ditto Extensions . .	3,75,918	3,62,742	3,22,004	2,63,597	...	...	...
Bombay, Baroda and Central India	1,85,66,650	1,38,17,913	2,08,216	—1,057	...	...	...
TOTAL .	3,23,13,144	2,81,37,181	1,52,03,434	1,17,53,343	3,675	...	...
Working Expenses.							
Madras	76,05,016	77,38,956	90,22,859	81,49,333	18,094	1	...
Ditto Extensions .	2,02,666	1,96,999	1,97,465	1,84,629	...	...	...
Bombay, Baroda and Central India	83,83,254	63,71,595	1,093	—9,843	...	...	...
TOTAL .	1,61,90,936	1,43,07,550	92,21,417	83,24,119	18,094	1	...
Net Traffic Receipts.							
Madras	58,25,560	62,17,570	56,50,355	33,41,470	—14,419	—1	...
Ditto Extensions . .	1,73,252	1,65,743	1,24,539	78,968	...	...	...
Bombay, Baroda and Central India	1,01,23,396	74,46,318	2,07,123	8,786	...	...	...
TOTAL .	1,61,22,208	1,38,29,631	59,82,017	34,29,224	—14,419	—1	...

APPENDIX —*continued.*

	Accounts.					Revised Estimate, 1909-1910	Budget Estimate, 1910-1911.
	1904-1905.	1905-1906.	1906-1907.	1907-1908.	1908-1909.		
STATE RAILWAYS.	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
(*a*)							
Open mileage at beginning of year	20,744	20,330	21,544	22,134	23,643	24,105	24,458
Gross Traffic Receipts.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
East Indian { England	3,450	3,450	3,450	3,450	3,450	3	3
East Indian { India	7,61,21,110	7,71,30,117	7,98,54,849	8,18,29,919	8,22,05,033	8,05,00	8,25,00
Rajputana-Malwa System	2,54,29,995	2,81,13,465	2,78,60,181	2,80,79,762	2,42,28,533	2,58,00	2,65,00
Bhopal	3,95,734	3,25,637	3,60,294	4,83,588	4,29,276	4,70	5,00
Palanpur-Deesa	31,619	37,498	38,817	44,437	45,966	52	52
Warora Colliery	5,51,760	5,67,646	—6,888	...	...	..	...
Bengal-Nagpur	1,98,35,177	2,54,70,343	2,73,88,250	2,83,80,929	2,76,16,824	2,95,00	3,20,00
Burma Railways	1,51,48,710	1,58,36,907	1,58,71,602	1,74,88,747	1,78,99,015	1,84,00	1,85,50
Burma Railway Extensions	...	...	...	4,19,845	9,74,069	12,00	13,00
Assam-Bengal	29,88,285	35,20,101	45,73,987	47,94,957	47,40,919	49,00	52,00
Jorhat	75,720	85,825	86,196	98,874	99,592	1,02	1,05
Eastern Bengal	1,92,64,510	2,14,98,671	2,53,83,103	2,66,04,408	2,76,24,741	2,77,00	3,00,00
Bengal and North-Western, and Tirhoot	1,28,88,240	62,01,343	67,51,698	77,40,075	81,56,998	75,00	82,00
Bengal Central	15,68,378	3,54,039	...	...	...	...	...
Brahmaputra-Sultanpur Branch	1,721	...	...	...	...	...	...
Oudh and Rohilkhand	1,54,69,228	1,61,80,743	1,64,55,956	1,81,44,868	1,59,40,704	1,60,00	1,75,00
Indian Midland { England	...	...	...	...	30,945	...	...
Indian Midland { India	83,35,493	83,78,109	1,07,13,307	1,08,68,286	92,77,355	1,00,00	1,05,00
Lucknow-Bareilly	14,93,378	16,10,514	16,18,784	16,38,082	17,34,735	16,00	17,75
Hardwar-Dehra	2,69,354	3,19,239	3,45,574	3,90,329	3,76,179	3,60	3,70
North Western	6,33,47,929	5,73,11,526	6,36,09,390	6,86,60,087	5,64,77,585	7,15,00	7,45,00
South Indian	1,27,61,620	1,29,85,262	1,34,00,303	1,56,11,631	2,06,75,889	2,20,00	2,20,00
Mysore State lines	15,82,491	18,61,906	18,57,765	22,82,304	30,68,684	29,00	32,00
Dhone Kurnool	...	...	...	...	37,283	1,40	1,50
Nilgiri	2,90,129	3,15,491	3,20,242	3,34,093	...	...	...
Agra-Delhi Chord	18,070	8,04,655	16,46,320	16,15,900	15,17,793	14,80	15,50
Bezwáda Extension	3,20,656	3,47,490	3,49,206	3,15,375	3,38,623	3,10	3,50
North East Line, Madras Railway (East Coast, Southern Section)	55,91,475	65,44,160	59,67,405	...	...	...	...
Guntakal-Mysore Frontier	8,18,265	8,12,109	9,02,442	...	...	...	...
Tinnevelly-Quilon	3,59,584	4,92,058	4,98,585	6,17,960	6,54,829	6,90	6,80
Mayavaram-Mutupet	5,47,235	5,99,483	6,03,305	6,48,905	...	...	...
Southern Mahratta	74,09,721	80,28,947	81,10,661	...	...	..	...
Jodhpur-Hyderabad (British Section)	5,90,818	8,35,698	9,41,261	8,36,348	6,66,318	7,90	8,00
Great Indian Peninsula	4,99,95,200	5,29,22,539	5,07,52,595	5,13,53,025	4,74,40,774	5,65,00	5,40,00
Bombay, Baroda and Central India	...	47,31,394	2,00,76,882	2,11,21,236	2,06,27,412	2,30,00	2,25,00
Hospet Kottur	...	43,427	47,628	...	...	...	...
Bezwada Masulipatam	...	...	...	47,640	...	..	...
Bellary Rayadrug	...	24,009	39,647	...	...	...	...
Tirruppattur-Krishnagiri	...	22,950	48,113	43,173	...	...	...
Morappur-Dharmapuri	...	5,767	34,404	30,153	...	...	...
Kalka-Simla	...	1,20,649	7,57,785	8,11,867	...	...	...
Azikhal-Mangalore	...	...	56,378	1,41,890	...	...	...
Nagda-Muttra	...	...	...	1,45,180	3,03,814	8,00	20,00
Madras and Southern Mahratta Railway	...	...	...	1,85,23,385	2,88,01,44	3,05,00	3,08,00
Baran-Kotah	...	...	...	...	3,53	50	1,00
In England	3,450	3,450	3,450	3,450	34,395	3	3
„ India	34,35,01,605	35,44,39,717	38,73,16,027	41,01,47,258	40,19,63,920	43,47,44	44,76,82
TOTAL	34,35,05,055	35,44,43,167	38,73,19,477	41,01,50,708	40,19,98,315	43,47,47	44,76,85

(*a*) Includes the length of the Bengal and North-Western Railway prior to the year 1905-1906.

APPENDIX —*continued.*

	Accounts.					Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
	1904-1905.	1905-1906.	1906-1907.	1907-1908.	1908-1909.		
Working Expenses.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
East Indian	2,81,18,126	2,70,22,684	3,13,27,086	3,37,69,955	3,77,78,791	3,16,00	3,75,00
Rajputana-Malwa System	1,16,67,461	1,24,80,664	1,33,31,287	1,49,37,369	1,50,13,374	1,42,00	1,48,00
Bhopal	1,97,668	1,58,332	1,81,533	2,56,517	2,66,974	2,60	3,00
Palanpur-Deesa	19,662	14,052	20,325	20,097	27,175	28	28
Warora Colliery	3,75,159	3,57,688	57,231	...	...	...	...
Bengal-Nagpur	97,10,297	1,14,17,032	1,29,89,459	1,45,62,960	1,58,66,049	1,57,50	1,73,00
Burma Railways	93,93,401	96,68,947	1,00,28,892	1,06,50,234	1,07,64,252	1,17,00	1,17,50
Burma Railway Extensions	...	...	...	1,75,579	5,06,998	7,50	7,50
Assam-Bengal	30,46,275	32,73,619	39,82,185	43,23,165	46,61,697	45,00	46,00
Jorhat	81,672	73,246	89,102	90,157	80,960	99	85
Eastern Bengal	99,05,097	1,19,53,967	1,43,98,746	1,75,61,827	1,89,57,924	1,77,00	1,85,50
Bengal and North-Western, and Tirhoot	1,01,27,727	25,79,047	27,35,890	31,97,268	38,72,926	35,00	36,50
Bengal Central	10,75,964	3,46,036	..	...	...	...	...
Brahmaputra-Sultanpur Branch	8,510	...		...	...	...	...
Oudh and Rohilkhand	81,74,262	90,12,591	95,62,330	1,24,02,628	1,19,18,752	97,00	99,00
Indian Midland	41,09,663	40,72,743	51,97,946	64,82,492	56,98,660	56,50	64,00
Lucknow-Bareilly	8,32,539	6,85,474	7,89,911	8,08,758	8,35,010	9,00	8,50
Hardwar-Dehra	1,57,191	1,59,619	1,72,787	1,95,164	1,88,090	1,80	1,85
North Western	2,91,09,608	3,04,35,792	3,34,90,646	3,77,39,277	4,87,04,721	5,05,00	4,40,00
South Indian	66,99,779	65,44,483	69,14,141	75,02,146	1,15,81,369	1,16,50	1,33,00
Mysore State lines	11,57,652	11,17,411	11,19,760	13,78,810	19,32,434	17,50	19,50
Dhone Kurnool	...	...	...	...	19,797	90	1,00
Nilgiri	2,23,967	2,66,520	2,84,137	2,82,952	...	...	...
Agra Delhi Chord	8,079	3,85,030	8,30,957	8,70,411	9,47,681	8,50	9,50
Bezwáda Extension	1,41,701	1,43,251	1,57,468	1,31,493	1,46,999	1,70	2,00
North East Line, Madras Railway (East Coast, Southern Section)	38,03,792	38,46,491	37,45,786	...	...	...	...
Guntakal-Mysore Frontier	5,12,162	4,73,857	5,25,198	...	...	...	...
Tinnevelly Quilon	1,96,312	2,45,343	2,55,736	3,00,932	3,66,487	3,90	4,10
Mayavaram-Mutupet	2,91,361	3,37,457	3,42,249	3,55,157	...	...	...
Southern Mahratta	52,29,796	49,26,716	47,13,799	...	...	...	...
Jodhpur-Hyderabad (British Section)	2,95,152	3,81,481	4,41,882	4,75,202	4,18,681	4,78	5,25
Great Indian Peninsula	2,47,61,525	2,50,58,635	2,53,05,913	2,91,29,505	2,92,33,579	3,12,00	3,29,00
Bombay, Baroda and Central India	...	19,20,153	95,24,142	98,14,996	1,03,38,207	1,02,50	1,17,50
Hospet-Kottur	...	46,144	47,994	...	...	...	...
Bezwada-Masulipatam	...	...	..	21,438	...	...	...
Bellary-Rayadrug	...	27,133	34,016	...	...	...	...
Tirruppatur-Krishnagiri	...	25,329	48,101	36,932	...	...	...
Morappur-Dharmapuri	...	6,619	34,851	26,966	...	...	...
Kalka-Simla	...	52,877	4,74,351	4,50,581	...	...	...
Azikhal-Mangalore	...	...	25,578	87,005	...	...	...
Nagda-Muttra	...	...	...	1,05,729	3,95,679	8,00	12,50
Madras and Southern Mahratta Railway	...	...	...	1,19,61,808	1,83,57,779	1,81,50	1,86,50
Baran-Kotah	...	...	...	...	1,955	25	50
TOTAL	16,94,31,560	16,95,16,463	19,31,81,415	22,01,05,510	24,88,83,900	24,28,20	25,26,83

APPENDIX —*concluded.*

	Accounts.					Revised Estimate, 1909-1910.	Budget Estimate, 1910-1911.
	1904-1905.	1905-1906.	1906-1907.	1907-1908.	1908-1909.		
Net Traffic Receipts.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
East Indian	4,80,06,434	5,01,10,883	4,85,31,213	4,80,63,414	4,44,29,692	4,89,03	4,50,03
Rajputana-Malwa System	1,37,62,534	1,56,32,801	1,45,28,894	1,31,42,393	92,15,159	1,16,00	1,17,00
Bhopal	1,98,066	1,67,305	1,78,761	2,27,071	1,62,302	2,10	2,00
Palanpur-Deesa	11,957	23,446	18,492	24,340	18,791	24	24
Warora Colliery	1,76,601	2,09,958	—64,119	...	...	...	...
Bengal-Nagpur	1,01,24,880	1,40,53,311	1,43,98,791	1,38,17,969	1,17,50,775	1,37,50	1,47,00
Burma Railways	57,55,309	61,67,960	58,42,710	68,38,513	71,34,763	67,00	68,00
Burma Railway Extensions	...	...	...	2,44,266	4,67,071	4,50	5,50
Assam-Bengal	—57,990	2,46,482	5,91,802	4,71,792	79,222	4,00	6,00
Jorhat	—5,952	12,579	—2,906	8,717	18,632	3	20
Eastern Bengal	93,59,413	95,44,704	1,09,84,357	90,42,581	86,66,817	1,00,00	1,14,50
Bengal and North-Western, and Tirhoot	27,60,513	36,22,296	40,15,808	45,42,807	42,84,072	40,00	45,50
Bengal Central	4,92,414	8,003	...	...	...	...	..
Brahmaputra-Sultanpur Branch	—6,789	...	...	...	...	...	...
Oudh and Rohilkhand	72,94,966	71,68,152	68,93,626	57,42,240	40,21,952	63,00	76,00
Indian Midland	42,25,830	43,05,366	55,15,361	43,85,794	36,09,640	43,50	41,00
Lucknow-Bareilly	6,60,839	9,25,040	8,28,873	8,29,324	8,99,725	7,00	9,25
Hardwar-Dehra	1,12,163	1,59,620	1,72,787	1,95,165	1,88,089	1,80	1,85
North Western	3,42,38,321	2,68,75,734	3,01,18,744	3,09,20,810	77,72,864	2,10,00	3,05,00
South Indian	60,61,841	64,40,779	64,86,162	81,09,485	90,94,520	1,03,50	87,00
Mysore State lines	4,24,839	7,44,495	7,38,605	9,08,494	11,36,250	11,50	12,50
Dhone Kurnool	...	...	...	...	17,486	50	50
Nilgiri	66,162	48,971	36,105	51,141	...	...	...
Agra Delhi Chord	9,991	4,19,625	8,15,363	7,45,489	5,70,112	6,30	6,00
Bezwáda Extension	1,78,955	2,04,239	1,91,738	1,83,882	1,91,624	1,40	1,50
North East line, Madras Railway (East Coast, Southern Section)	17,87,683	26,97,669	22,21,619	...	...	...	...
Guntakal-Mysore Frontier	3,06,103	3,38,252	3,77,244	...	...	...	...
Tinnevelly-Quilon	1,63,272	2,46,715	2,42,849	3,17,028	2,88,342	3,00	2,70
Mayavaram-Mutupet	2,55,874	2,62,026	2,61,056	2,93,748	...	...	...
Southern Mahratta	21,79,925	31,02,231	33,96,862	...	...	...	...
Jodhpur-Hyderabad (British Section)	2,95,666	4,54,217	4,99,379	3,61,146	2,47,637	3,12	2,75
Great Indian Peninsula	2,52,33,675	2,78,63,904	2,54,46,682	2,22,23,520	1,82,07,195	2,53,00	2,11,00
Bombay, Baroda and Central India	...	28,11,241	1,05,52,740	1,13,06,240	1,02,89,205	1,27,50	1,07,50
Hospet-Kottur	...	—2,717	—366	...	...	...	...
Bezwada Masulipatam	...	...	...	26,202	...	...	...
Bellary-Rayadrug	...	—3,124	5,631	...	...	...	...
Tirrupattur-Krishnagiri	...	—2,379	12	6,241	...	...	...
Morappur-Dharmapuri	...	—852	—447	3,187	...	...	...
Kalka-Simla	...	67,772	2,83,434	3,61,286	...	...	...
Azikhal-Mangalore	...	...	30,800	54,885	...	...	...
Nagda-Muttra	...	...	...	39,451	—91,865	...	7,50
Madras and Southern Mahratta Railway	...	..	...	65,61,577	1,04,43,662	1,23,50	1,21,50
Baran-Kotah	...	..	...	...	1,581	25	50
TOTAL	17,40,73,495	18,49,26,704	19,41,38,066	19,00,45,198	15,31,15,315	19,19,27	19,50,02

APPENDIX—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI—Gross receipts, working expenses, and net earnings of Irrigation—Major Works for five years ending 1908-09, with Revised Estimates for 1909-10, and Budget Estimate for 1910-11.

	Actuals.					Revised Estimate, 1909-10.	Budget Estimate, 1910-11.
	1904-05.	1905-06.	1906-07.	1907-08.	1908-09.		
DIRECT RECEIPTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Mandalay canal	70,695	2,03,313	2,59,342	3,91,658	2,76,217	2,95,000	3,06,000
Shwebo canal		...	99,464	2,68,091	3,15,471	7,50,000	6,46,000
Orissa canals	3,88,900	4,61,355	5,01,729	4,87,689	5,14,772	5,11,000	4,93,000
Midnapur canal	2,06,215	2,10,623	1,56,521	1,53,330	1,74,734	1,93,000	1,93,000
Hijili Tidal canal	45,242	70,448	71,515	58,703	46,055	77,000	73,000
Sone canals	14,05,810	13,96,628	15,64,819	16,63,360	18,71,088	19,20,000	18,22,000
Ganges canal	34,46,755	30,14,166	45,41,080	40,27,680	40,65,922	36,87,000	33,59,000
Lower Ganges canal	24,98,352	21,49,299	28,92,380	28,24,929	26,94,110	22,70,000	22,31,000
Ditto, Fatehpur Branch	2,82,584	1,62,015	2,68,441	3,01,590	3,64,066	3,31,000	3,62,000
Agra canal	8,91,284	5,20,088	11,19,818	8,28,606	8,17,525	7,10,000	8,79,000
Eastern Jumna canal	13,02,309	10,69,416	16,15,213	15,27,883	13,84,614	14,54,000	13,98,000
† Dun canal	...	...	...	98,696	1,18,886	1,19,000	1,01,000
† Bijnor canal	...	...	...	18,760	26,778	29,000	28,000
Betwa canal	1,72,992	1,94,969	2,63,612	2,11,431	1,19,447	2,90,000	1,82,000
Western Jumna canal	27,34,556	27,58,415	31,38,384	30,70,580	24,11,139	15,30,000	19,00,000
Lower Chenab canal	73,38,371	65,97,316	76,84,112	60,71,272	71,18,579	77,00,000	67,00,000
Upper Bari Doab canal	33,35,459	31,84,267	35,69,867	33,86,707	35,16,300	34,84,000	33,50,000
Sirhind canal	26,65,001	27,06,842	32,20,358	31,05,728	30,19,407	20,64,000	27,00,000
Lower Jhelum canal	4,73,231	7,78,837	13,56,607	13,62,674	19,34,822	20,35,000	20,00,000
Indus Inundation canals	1,07,344	1,62,950	1,62,445	1,20,276	1,44,057	1,55,000	1,00,000
Lower Swat River canal	4,82,779	4,39,630	5,12,330	5,32,841	5,43,658	5,74,000	5,40,000
Kabul River canal	...	...	...	1,25,644	1,56,585	1,72,000	1,60,000
Godavari Delta System	1,11,389	1,12,357	1,08,822	1,17,722	1,24,262	1,26,000	1,25,000
Kistna „ „	70,184	70,866	83,765	81,657	83,697	85,000	85,000
Pennér River canals „	1,890	2,586	2,525	2,727	5,798	2,000	3,000
Periyar Project	2,547	3,926	2,179	3,375	3,956	2,000	3,000
Cauvery Delta System	1,432	1,325	1,995	3,373	2,407	3,000	2,000
Rushikulya Project	751	785	1,036	2,457	2,637	1,000	2,000
Lower Coleroon anicut system	...	...	...	2,591	1,679	2,000	2,000
Shatiatope anicut „	...	...	...	866	744	...	1,000
Desert canal	1,52,059	1,07,205	1,11,170	75,284	66,755	90,000	83,000
Begari „	67,498	42,861	40,217	41,325	44,222	42,000	45,000
Eastern Nara Works	36,094	45,229	37,473	49,406	31,654	34,000	21,000
Mutha canals	2,70,328	3,70,380	3,28,532	3,43,020	3,66,300	3,40,000	3,48,000
Nira canal	1,23,191	1,66,203	2,27,150	4,60,671	2,95,164	3,32,000	3,08,000
Jamrao canal	1,46,572	1,25,359	16,940	16,488	16,101	16,000	17,000
Other projects	10,63,157	9,07,673	11,73,575	12,81,125	10,34,748	14,42,000	14,29,000
TOTAL	2,99,14,971	2,80,37,332	3,51,33,476	3,31,20,215	3,37,14,356	3,28,67,000	3,19,97,000
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Mandalay canal	19,216	16,944	30,596	5,505	53,345	56,000	58,000
Shwebo canal	...	...	14,595	24,076	26,791	74,000	69,000
Ganges canal	9,05,865	9,10,288	9,19,139	9,22,411	9,23,276	9,23,000	9,23,000
Lower Ganges canal	3,04,245	3,73,152	3,88,669	4,16,669	4,16,669	4,17,000	4,17,000
Ditto Fatehpur Branch	...	...	...	388	388	...	...
Eastern Jumna „	2,53,952	2,53,952	2,53,952	2,53,952	2,53,952	2,54,000	2,54,000
† Dun canal	...	...	...	24,980	24,980	25,000	25,000
† Bijnor canal	...	...	...	14,984	14,984	15,000	15,000
Carried over	14,83,278	15,54,336	16,06,951	16,62,965	17,14,385	17,64,000	17,61,000

*Excluding Civil Officer's figures as under :—

	Revised. Rs.	Budget. Rs.
United Provinces	1,80,000	1,70,000
Punjab	15,19,000	16,59,000
Total	16,99,000	18,29,000

† Transferred to 49, from 1st April 1907.

APPENDIX —*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1908-09, with Revised Estimates for 1909-10, and Budget Estimates for 1910-11—*continued.*

	Actuals.					Revised Estimate, 1909-10.	Budget Estimate, 1910-11.
	1904-05.	1905-06.	1906-07.	1907-08.	1908-09.		
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Brought forward .	14,83,278	15,54,336	16,86,951	16,62,965	17,14,385	17,64,000	17,61,000
PORTION OF LAND REVENUE DUE TO IRRIGATION—*contd.*							
Lower Chenab canal . .	13,63,773	11,28,751	10,95,882	10,51,332	13,34,580	14,48,000	13 00,000
Upper Bari Doab canal .	2,61,668	2,99,249	3,00,639	3,13,004	3,19,853	2,65,000	2,60,000
Lower Jhelum „ . .	12,724	81,613	2.69,721	3,19,280	3,78,515	3,50,000	3,50,000
Indus Inundation canals .	2,71,538	2,73,536	2,74,872	3,16,389	2,44,200	2,97,000	2,65,000
Lower Swat River canal ,	51,248	48,672	50,420	50,393	50,451	50,000	50,000
† Kabul River canal . .	...	...	...	2,175	39,879	10,000	6,000
Godavari Delta System .	32,74,398	34,27,101	33,02,168	34,23,425	35 14,232	35,15,000	35,15,000
Kistna „ „ .	29,23,231	29,64,950	30,24,604	31,27,650	32,07,665	32,99,000	32,99,000
Pennér River canals „ .	85,518	4,24,710	5,06,271	5,30,680	5,74,297	5,75,000	5,75,000
Periyar Project . . .	4,73,813	4,85,029	4,93,493	5,19,689	5,20,865	5,23,000	5,23,000
Cauvery Delta System .	9,20,194	9,29,106	9,15,939	9,32,393	9,32,380	9,34,000	9,34,000
Rushikulya Project . .	97,589	1,05,745	1,04,874	1,04,557	1,09,070	1,11,000	1,12,000
† Lower Coleroon anicut system	...	...		2,77,144	2,78,052	2,96,000	2,96,000
† Shatiatope anicut „	...	...	...	1,04,152	1,06,654	1,07,000	1,07,000
Desert canal . . .	1,64,772	2,67,663	2,56,319	1,32,387	2,68,678	2,82,000	2,82,000
Begari „ . . .	3,15,487	4,41,417	4,69,903	5,27,973	5,49,748	5,85,000	5,85,000
Eastern Nara Works . .	5,08,482	6,31,933	6,82,701	4,62,019	5,53,773	5,35,000	5,05,000
Mutha canal . . .	*—6,459*	*—11,391*	*—7,562*	*—9,208*	*—10,899*	...	...
Nira canal . . .	*—6,036*	*—8,904*	*—11,148*	*—22,407*	*—14,214*	...	...
Jamrao canal . . .	5,08,190	7,80,961	6,52,546	6,24,200	4,59,024	16,09,000	5,55,000
Other projects . . .	6,95,335	7,06,410	11,16,097	11,57,797	12,33,580	13,66,000	16,62,000
TOTAL .	1,33,98,743	1,45,31,687	1,51,04,710	1,56,07,989	1,63,65,668	1,69,21,000	1,69,42,000
TOTAL REVENUE—							
Mandalay canal . . .	89,911	2,20,257	2,89,938	3,97,163	3,29,562	3,51,000	3,64,000
Shwebo canal . . .	...	...	1,14,059	2,92,167	3,42,262	8,24,000	7,15,000
Orissa canals . . .	3,88,900	4,61,355	5,01,729	4,87,680	5,14,772	5,11,000	4,93 000
Midnapur canal . .	2,06,215	2,10,623	1,56,521	1,53,330	1,74,734	1,93,000	1,93,000
Hijili Tidal canal . .	45,242	70,448	71,515	58,703	46,055	77,000	73,000
Sone canals . . .	14,05,810	13,96,628	15,64,819	16,63,360	18,71,088	19,20,000	18,22,000
Ganges canal . . .	43,52,620	39,24,454	54,60,219	49,50,091	49,89,198	46,10,000	42,82,000
Lower Ganges canal . .	28,02,597	25,22,451	32,81,049	32,41,598	31,10,779	26,87,000	26,48,000
Ditto Fatehpur Branch . . .	2,82,584	1,62,015	2,68,829	3,01,978	3,64,454	3,31,000	3,62,000
Agra canal . . .	8,91,284	5,20,088	11,19,818	8,28,606	8,17,525	7,10,000	8,79,000
Eastern Jumna canal . .	15,56,261	13,23,368	18,69,165	17,81,835	16,38,566	17,08,000	16,52,000
Betwa canal . . .	1,72,992	1,94,969	2,63,612	2,11,431	1,19,447	2,90,000	1,82,000
†Dun canal	...	...	...	1,23,676	1,43,866	1,44,000	1,26,000
†Bijnor canal . . .	...	...	...	33,744	41,762	44,000	43,000
Western Jumna canal . .	27,34,556	27,58,415	31,38,384	30,70,580	24,11,139	15,30,000	19,00,000
Lower Chenab canal . .	87,02,144	77,26,067	87,79,994	71,22,604	84,53,159	91,48,000	80,00,000
Upper Bari Doab canal .	35,97,127	34,83,516	38,70,506	36,99,711	38,36,153	37,49,000	36,10,000
Sirhind canal . . .	26,85,001	27,06,842	32,20,358	31,05,728	30,19,407	20,64,000	27,00,000
Lower Jhelum canal . .	4,85,955	8,60,450	16,26,388	16,81,954	23,13,337	23,85,000	23,50,000
Indus Inundation canals .	3,78,882	4,36,486	4,37,317	4,36,665	3,88,257	4,52,000	3,65,000
Lower Swat River canal .	5,34,027	4,88,302	5,62,750	5,83,234	5,94,109	6,24,000	5,90,000
†Kabul River canal . .	...	...	...	1,27,819	1,96,464	1,82,000	1,66,000
Godavari Delta System .	33,85,787	35,39,458	34,10,990	35,41,147	36,38,494	36,41,000	36,40,000
Kistna „ „ .	29,93,415	30,35,816	31,08,369	32,09,307	32,91,362	33,84,000	33,84,000
Carried over .	3,76,91,310	3,60,42,008	4 31,16,329	4,11,04,120	4,26,45,951	4,15,59,000	4,05,39,000

† Transferred to 49, from 1st April 1907.

APPENDIX—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1908-09, with Revised Estimates for 1909-10, and Budget Estimates for 1910-11—*continued.*

	Actuals.					Revised Estimate, 1909-10.	Budget Estimate, 1910-11.
	1904-05.	1905-06.	1906-07.	1907-08.	1908-09.		
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Brought forward	3,76,91,310	3,60,42,008	4,31,16,329	4,11,04,120	4,26,45,951	4,15,59,000	4,05,39,000
TOTAL REVENUE—*concld.*							
Pennér River canals	87,408	4,27,296	5,08,790	5,33,407	5,80,095	5,77,000	5,78,000
Periyar Project	4,76,360	4,88,955	4,95,672	5,23,064	5,24,821	5,25,000	5,26,000
Cauvery Delta System	9,21,626	9,30,431	9,17,934	9,35,766	9,34,787	9,37,000	9,36,000
Rushikulya Project	98,340	1,06,530	1,05,910	1,07,014	1,11,707	1,12,000	1,14,000
†Lower Coleroon anicut system	..	..	...	2,79,735	2,80,631	2,98,000	2,98,000
†Shatiatope anicut „	...	...	...	1,05,018	1,07,398	1,07,000	1,08,000
Desert canal	3,16,831	3,74,868	3,67,489	2,07,671	3,35,433	3,72,000	3,65,000
Begari „	3,82,985	4,84,278	5,10,120	5,69,298	5,93,970	6,27,000	6,30,000
Eastern Nara Works	5,44,576	6,77,162	7,20,174	5,11,425	5,85,427	5,69,000	5,26,000
Mutha canals	2,63,869	3,58,989	3,20,970	3,33,812	3,55,401	3,40,000	3,48,000
Nira canal	1,17,155	1,58,099	2,16,002	4,38,264	2,80,950	3,32,000	3,08,000
Jamrao canal	6,54,762	9,06,320	6,69,486	6,40,688	4,75,125	6,25,000	5,72,000
Other projects	17,58,492	16,14,083	22,89,672	24,38,922	22,68,328	28,08,000	30,91,000
TOTAL	4,33,13,714	4,25,69,019	5,02,38,186	4,87,28,204	5,00,80,024	4,97,88,000	4,89,39,000
WORKING EXPENSES—							
Mandalay canal	75,301	99,165	85,898	81,472	82,392	95,000	91,000
Shwebo canal	...	...	47,241	1,19,394	1,19,591	1,22,000	1,41,000
Orissa canals	3,18,396	3,53,817	3,99,092	4,30,069	4,19,057	4,19,000	4,13,000
Midnapur canal	1,31,362	1,42,981	1,61,123	1,84,291	2,12,361	1,94,000	1,86,000
Hijili Tidal canal	47,652	45,518	51,493	40,783	46,676	50,000	46,000
Sone canals	4,90,595	4,75,823	5,73,895	7,51,790	6,98,982	6,89,000	6,80,000
Ganges canal	11,87,448	12,48,973	13,16,804	12,22,219	12,56,713	13,31,000	12,83,000
Lower Ganges canal	10,28,308	9,38,717	10,46,866	10,43,099	10,36,765	10,45,000	10,51,000
Ditto Fatehpur Branch	1,27,412	1,28,022	1,22,204	1,33,344	1,37,413	1,34,000	1,21,000
Agra canal	2,77,508	2,88,274	3,32,366	3,16,712	3,35,275	3,68,000	3,30,000
Eastern Jumna canal	4,47,027	3,99,569	4,46,771	4,18,193	4,11,535	4,76,000	4,47,000
Betwa canal	1,24,821	1,33,784	1,08,053	1,23,490	1,33,140	1,10,000	1,24,000
†Dun canal	...	...	...	81,194	1,09,600	1,03,000	83,000
†Bijnor canal	...	...	...	16,589	16,765	22,000	16,000
Western Jumna canal	9,33,606	10,32,192	10,64,403	9,89,606	9,92,668	10,75,000	10,35,000
Lower Chenab canal	16,96,071	17,37,856	18,48,265	18,65,256	19,28,633	23,10,000	22,00,000
Upper Bari Doab canal	11,29,036	11,62,570	11,88,489	14,86,234	13,44,928	13,00,000	12,75,000
Sirhind canal	9,19,230	8,68,842	10,34,695	9,20,563	8,99,546	8,20,000	8,50,000
Lower Jhelum canal	4,74,667	6,61,147	7,45,058	7,23,559	8,26,898	8,00,000	7,10,000
Indus Inundation canals	2,22,829	3,21,049	3,18,987	3,69,311	4,47,559	7,00,000	3,30,000
Lower Swat River canal	1,17,878	83,924	1,13,839	1,18,842	1,36,679	1,40,000	1,04,000
†Kabul River canal	...	...	..	96,616	60,122	65,000	58,000
Godavari Delta System	6,96,655	7,52,964	6,30,672	7,11,456	7,69,866	8,38,000	8,34,000
Kistna „ „	7,34,128	6,80,810	6,39,218	5,33,036	5,67,852	5,72,000	5,93,000
Pennér River canals „	76,498	87,180	79,445	67,953	70,682	71,000	70,000
Periyar Project	91,707	98,514	69,971	1,65,530	1,61,144	1,22,000	1,12,000
Cauvery Delta System	65,442	67,864	94,707	81,303	1,54,028	1,35,000	1,62,000
Rushikulya Project	59,376	47,713	73,554	41,387	47,355	48,000	48,000
†Lower Coleroon anicut system	...	...	...	75,771	59,902	66,000	66,000
†Shatiatope anicut „	...	...	...	23,784	22,218	22,000	21,000
Desert canal	1,22,881	1,38,793	1,39,328	1,79,374	1,26,153	1,01,000	1,36,000
Carried over	1,15,95,834	1,19,96,061	1,27,32,437	1,34,12,220	1,36,32,408	1,43,43,000	1,36,16,000

† Transferred to 49, from 1st April 1907

APPENDIX—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1908-09, with Revised Estimates for 1909-10, and Budget Estimates for 1910-11—*continued.*

	Actuals.					Revised Estimate, 1909-10.	Budget Estimate 1910-11
	1904-05.	1905-06.	1906-07.	1907-08.	1908-09.		
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Brought forward	1,15,95,834	1,19,96,061	1,27,32,437	1,34,12,220	1,36,32,408	1,43,43,000	1,36,16,000
WORKING EXPENSES—*concld.*							
Begari canal	85,912	1,01,404	54,553	56,636	1,00,364	67,000	1,81,000
Eastern Nara Works	1,26,737	1,02,972	1,13,835	1,65,291	2,19,669	1,68,000	1,51,000
Mutha canals	95,461	89,637	93,618	94,580	1,01,410	1,06,000	88 000
Nira canal	66,394	65,782	70,419	74,710	74,0.6	70,000	65,000
Jamrao canal	3,15,472	2,95,237	2,67,529	2,92,478	3,42,833	2,71,000	2,93,000
Other projects	8,43,402	8,16,255	8,37,096	9,64,222	10,78,116	12,73,000	15,26,000
TOTAL	1,31,29,212	1,34,67,347	1,41,69,487	1,50,60,137	1,55,48,826	1,62,98,000 *	1,59,20,000 *
NET REVENUE—							
Mandalay canal	14,610	1,21,092	2,04,040	3,15,691	2,47,170	2,56,000	2,73,000
Shwebo canal	...	...	66,818	1,72,773	2,22,671	7,02,000	5,74,000
Orissa canals	70,504	1,07,538	1,02,637	57,620	95,715	92,000	80 000
Midnapur canal	74,853	67,642	*—4,602*	*—30,961*	*—37,627*	*—1,000*	7,000
Hijili Tidal canal	*—2,410*	24,930	20,022	17,920	*—621*	27,000	27,000
Sone canals	9,15,215	9,20,805	9,90,924	9,11,570	11,72,106	12,31,000	11,42,000
Ganges canal	31,65,172	26,75,481	41,43,415	37,27,872	37,32,485	32,79,000	29,90,000
Lower Ganges canal	17,74,289	15,83,734	22,34,183	21,98,499	20,74,014	16,42,000	15,97,000
Ditto, Fatehpur Branch	1,55,172	33,993	1,46,625	1,68,634	2,07,041	1,97,000	2,41,000
Agra canal	6,13,776	2,31,814	7,87,452	5,11,894	4,82,250	3,42,000	5,49,000
Eastern Jumna canal	11,09,234	9,23,799	14,22,394	13,63,642	12,27,031	12,32,000	12,05,000
Betwa canal	48,171	61,185	1,55,559	87,941	*—13,693*	1,80,000	58,000
Dun canal	...	...	...	42,482	34,206	41,000	43,000
Bijnor canal	...	...	...	17,155	24,997	22,000	27,000
Western Jumna canal	18,00,950	17,26,223	20,73,981	20,80,974	14,18,471	4,55,000	8,65,000
Lower Chenab canal	70,06,073	59,88,211	69,31,729	52,57,348	65,24,526	68,38,000	58,00,000
Upper Bari Doab canal	24,68,091	23,20,946	26,82,017	22,13,477	24,91,225	24,49,000	23,35,000
Sirhind canal	17,65,771	18,38,000	21,85,663	21,85,165	21,19,861	12,44,000	18,50,000
Lower Jhelum canal	11,288	1,99,303	8,81,330	9,58,395	14,86,529	15,85,000	16,40,000
Indus Inundation canals	1,56,053	1,15,437	1,18,330	67,354	*—59,302*	*—2,48,000*	35,000
Lower Swat River canal	4,16,149	4,04,378	4,48,911	4,64,392	4,57,430	4,84,000	4,86,000
Kabul River canal	...	...	...	31,203	1,30,312	1,17,000	1,08,000
Godavari Delta system	26,89,132	27,86,494	27,80,318	28,29,691	28,68,628	28,03,000	28,06,000
Kistna „ „	22,59,287	23,55,006	24,69,151	26,76,271	27,23,510	28,12,000	27,91,000
Pennér River canals „	10,910	3,40,116	4,29,351	4,65,454	5,09,413	5,06,000	5 08,000
Periyar Project	3,84,653	3,90,441	4,25,701	3,57,534	3,63,677	4,03,000	4,14,000
Cauvery Delta system	8,56,184	8,62,567	8,23,227	8,54,463	7,80,759	8,02,000	7,7 ,000
Rushikulya project	38,964	58,817	32,356	65,627	64,352	64,000	66,000
Lower Coleroon anicut system	...	...	...	2,03,964	2,20,729	2,32,000	2,32,000
Shatiatope anicut „	...	...	...	81,234	85,180	85,000	87,000
Desert canal	1,93,950	2,36,075	2,28,161	28,297	2,09,280	2,71,000	2,29,000
Begari „	2,97,073	3,82,874	4,55,567	5,12,662	4,93,606	5,60,000	4,49,000
Eastern Nara Works	4,17,839	5,74,190	6,06,339	3,46,134	3,65,758	4,01,000	3,75,000
Mutha canals	1,68,408	2,69,353	2,27,352	2,39,232	2,53,991	2,34,000	2,60,000
Nira canal	50,761	92,317	1,45,583	3,63,554	2,06,924	2,62,000	2,43,000
Jamrao canal	3,39,290	6,11,083	4,01,957	3,48,210	1,32,292	3,54,000	2,79,000
Other projects	9,15,090	7,97,828	14,52,576	14,74,700	11,90,212	15,35,000	15,65,000
TOTAL	3,01,84,502	2,91,01,672	3,60,68,699	3,36,68,067	3,45,31,198	3,34,90,000	3,30,19,000

* Excluding Civil Officers' figures as under.—

	Revised.	Budget.
	Rs.	Rs.
United Provinces	20,000	20,000
Punjab	12,000	1,000
	32,000	21,000

APPENDIX—*continued.*

TABLE VII—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS.

Actuals, 1908-1909.

RAILWAYS.	Amount in Rupees.	Amount in sterling at contract rates.	Equivalent at Rs. 15=£1.	Exchange.
	₹	£	₹	₹
GUARANTEED RAILWAYS.				
RECEIPTS.				
Madras	3,72,507	34,147	5,12,198	—1,39,691
ADVANCES.				
Madras	3,60,708	33,065	4,95,974	—1,35,266
Madras Extensions	2,572	172	2,572	...
TOTAL	3,63,280	33,237	4,98,546	—1,35,266
NET RECEIPTS.				
Madras	11,799	1,082	16,224	—4,425
Madras Extensions	—2,572	— 172	— 2,572	...
TOTAL	9,227	910	13,652	—4,425
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
Capital received in India. Amritsar-Patti	20,000	1,333	20,000	...
Ahmedabad-Dholka	—9,000	—600	—9,000	...
Ahmedabad-Parantij	9,000	600	9,000	...
Hardwar-Dehra	16,500	1,100	16,500	...
Mymensingh-Jamalpur-Jagannathganj	46,800	3,120	46,800	...
Tapti Valley	2,000	134	2,000	...
Patti-Kasur	50,000	3,333	50,000	...
TOTAL RECEIPTS	1,35,300	9,020	1,35,300	...
WITHDRAWALS IN INDIA.				
Assam Bengal	—17,81,955	—118,798	—17,81,955	...
Bengal Nagpur	1,56,60,271	1,044,018	1,56,60,271	...
Ditto Extensions	—66,86,169	—445,744	—66,86,169	...
Burma	—1,81,98,956	—1,213,264	—1,81,98,956	...
Indian Midland	23,99,720	159,981	23,99,720	...
Ditto Saugor-Katni	1,998	133	1,998	...
Lucknow-Bareilly	236,421	15.762	2,36,421	...
Southern Mahratta	—15.74,118	—104,941	—15,74,118	...
	—99,42,788	—662,853	— 99,42,788	...
Amritsar-Patti	60,380	4,025	60,380	...
Ahmedabad-Dholka	—22,831	—1,522	—22,831	...
Ahmedabad-Parantij	8,419	561	8,419	...
Hardwar-Dehra	16,234	1,082	16,234	...
Mymensingh-Jamalpur-Jagannathganj	18,638	1,243	18,638	...
Tapti Valley	—1,775	—118	—1,775	...
Patti-Kasur	25,133	1,676	25,133	...
	1,04,198	6,947	1,04,198	...
TOTAL WITHDRAWALS	—98,38,590	—655,906	—98,38,590	...
Net Withdrawals	—99,73,890	—664,926	—99,73,890	...
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	—99,83,117	—665,836	—99,87,542	4,425

APPENDIX—*continued.*

TABLE VII—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—*continued.*

Revised Estimate, 1909-1910.

	RAILWAYS.	Amount in Rupees. (Omitting ooo.)	Amount in sterling at contract rates. (Omitting oo.)	Equivalent at Rs. 15=£1. (Omitting ooo.)	Exchange. (Omitting ooo.)
		₹	£	₹	₹
	SUBSIDIZED RAILWAYS.				
	RECEIPTS.				
Capital received in India.	Idar Road Bramakhed	86	5,7	86	...
	Amritsar Patti	21	1,4	21	...
	Ahmedabad-Dholka	7	5	7	...
	Ahmedabad-Parantij	47	3,2	47	...
	Patti-Kasur	8,26	55,0	8,26	...
	Hardwar-Dehra	43	2,9	43	...
	Mymensingn-Jamalpur-Jagannathganj	16	1,1	16	...
	Tapti Valley	19	1,2	19	...
	TOTAL RECEIPTS	10,65	71,0	10,65	...
	WITHDRAWALS IN INDIA.				
	Assam Bengal	—20,63	—137,5	—20, 63	...
	Bengal Nagpur	38,30	255 3	38.30	...
	Ditto Extensions	41,62	277,5	41,62	...
	Burma	18,77	125,1	18,77	...
	Indian Midland	54.38	362,5	54,38	...
	Ditto Extensions	10	7	10	...
	Lucknow-Bareilly	—6,30	—42,0	—6,30	...
	Madras and Southern Mahratta	—4,78	—31,9	—4,78	...
		1,21,46	809,7	1,21,46	...
	Amritsar Patti	1,03	6,9	1,03	...
	Ahmedabad-Dholka	21	1,4	21	...
	Ahmedabad-Parantij	46	3,1	46	...
	Idar Road Bramakhed	86	5,7	86	...
	Hardwar-Dehra	40	2,7	40	...
	Mymensingh-Jamalpur-Jagannathganj	47	3,1	47	...
	Patti-Kasur	8,50	56,6	8,50	...
	Tapti Valley	20	1,4	20	...
		12,13	80,9	12,13	...
	TOTAL WITHDRAWALS	1,33.59	890,6	1,33.59	...
	Net Withdrawals	1,22 94	819,6	1 22,94	...

APPENDIX—*concluded.*

TABLE VII—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—*concluded.*

Budget Estimate, 1910-1911.

RAILWAYS.	Amount in Rupees. (Omitting ooo.)	Amount in sterling at contract rates. (Omitting oo.)	Equivalent at Rs. 15=£1. (Omitting ooo.)	Exchange. (Omitting ooo.)
	₹	£	₹	₹
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
CAPITAL RECEIVED IN INDIA.				
Ahmedabad-Dholka	10	7	10	...
Ahmedabad-Parantij	27	1,8	27	...
Amritsar-Patti	1,30	8,6	1,30	...
Hardwar-Dehra	40	2,7	40	...
Idar-Road-Brahmakhed	12,50	83,3	12,50	
Mymensingh-Jamalpur-Jagannathganj	84	5,6	84	...
Patti-Kasur	2,69	17,9	2,69	...
Tapti Valley	24	1,6	24	...
TOTAL RECEIPTS	18,34	122,2	18,34	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	*—14,14*	*—94,3*	*—14,14*	...
Bengal-Nagpur	37,64	250,9	37,64	...
Ditto Extensions	76,64	510,9	76,64	...
Burma	37,00	246,7	37,00	...
Indian Midland	22,87	152,4	22,87	...
Ditto Extension	4	3	4	...
Lucknow-Bareilly	*—3,32*	*—22,1*	*—3,32*	...
Madras and Southern Mahratta	*—12,68*	*—84,5*	*—12,68*	
	1,44,05	960,3	1,44,05	...
Ahmedabad-Dholka	10	7	10	...
Ahmedabad-Parantij	31	2,1	31	...
Amritsar-Patti	1,30	8,6	1,30	...
Hardwar-Dehra	40	2,7	40	...
Idar Road Brahmakhed	12,50	83,3	12,50	...
Mymensingh-Jamalpur-Jagannathganj	84	5,6	84	...
Patti-Kasur	2,69	17,9	2,69	...
Tapti Valley	30	2,0	30	...
	18,44	122,9	18,44	...
TOTAL WITHDRAWALS	1,62,49	1,083,2	1,62,49	...
Net Withdrawals	1,44,15	961,0	1,44,15	...

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO 1909 (24 & 25 VICT., C. 67, 55 & 56 VICT., C. 14, AND 9 EDW. VII, C. 4).

The Council met at Government House on Tuesday, the 29th March 1910.

PRESENT:

His Excellency THE EARL OF MINTO, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*,

and 58 Members, of whom 53 were Additional Members.

OATH OF OFFICE.

The following Additional Member, before taking his seat, made the prescribed oath of his allegiance to the Crown:—

The Hon'ble Mr. W. Maxwell.

QUESTIONS AND ANSWERS.

The Hon'ble BABU BHUPENDRA NATH BASU asked:—

"Will the Government be pleased to lay on the table a statement of accounts detailing the initial and recurring expenditure involved in the reduplication of the administrative machinery consequent on the partition of Bengal?

"Will the Government be pleased to state if the expenditure, both initial and recurring, incurred on account of the partition of Bengal has not exceeded the original estimates made for the purpose by the Government of Lord Curzon, and, if so, by how much?"

The Hon'ble Sir HARVEY ADAMSON replied:—

"It is not possible to answer the first part of the question with precision, as other factors affect the accounts besides the increase of administrative staff which was directly consequent on the formation of the new province. I lay on the table, however, two statements * showing:—

(1) the cost of the administrative offices affected by the formation of the province of Eastern Bengal and Assam in 1904-05, the year before its formation, and in 1906-07, the year after it;

(2) an estimate (for the work is not yet complete) of the special non-recurring expenditure incurred, chiefly at Dacca, in connection with the formation of the new province.

"In the first statement the increase of expenditure shown in the two years is roughly 12 lakhs. Some part of this is due to the normal growth of recurring charges which would have taken place even if there had been no change. But the increase directly attributable to the creation of the new province has no doubt in some measure exceeded the estimate framed by Lord Curzon's Government, which was 8·59 lakhs. The greater part of the excess occurred before the new province was actually formed and was due to three additions to the original scheme:—(*i*) the Secretary of State's decision to substitute a Board of Revenue for the proposed Financial Commissioner (Rs. 42,000); (*ii*) the appointment of a Commissioner of the Surma Valley (Rs. 36,000); and (*iii*) the appointment of a Legal Remembrancer (Rs. 46,000).

"For non-recurring initial expenditure no regular estimate was prepared by Lord Curzon's Government. A telegraphic rough estimate of 10 lakhs was furnished to the Secretary of State for the building of a Government House and Secretariat. This was prepared at very short notice, before an opportunity occurred of considering the requirements of the new province in consultation with its officers. The estimate which I now lay on the table includes large sums for improvements of a general character such as roads, water-works and sanitation. It also includes 8·92 lakhs for residence for Government officials. This is capital expenditure upon which interest and depreciation charges will be realized in the shape of rent from the occupants of the houses.

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* *Vide* Appendices C and D.

[*Sir Harvey Adamson ; Mr. Chitnavis ; Mr. S. P. Sinha ; Raja Partab Bahadur Singh ; Mr. Robertson ; Mr. Dadabhoy.*]

"For temporary buildings the original estimate was Rs. 1,85,000. The actual expenditure has been Rs. 2,68,527 to end of January 1910, or an increase of Rs. 83,500."

The Hon'ble MR. CHITNAVIS asked :—

"Is Government aware that it has been held by the Judicial Commissioner of the Central Provinces that a plaint cannot be admitted unless it is signed by the plaintiff himself, even when the plaintiff lives away and cannot sign the plaint without considerable trouble, inconvenience and loss of time? Is Government aware that suitors experience difficulties owing to this view of the law? Will Government be pleased to amend order VI, rule 14, of the First Schedule to the Code of Civil Procedure, 1908, so as to make signing of plaints by agents legal and valid?"

The Hon'ble MR. S. P. SINHA replied :—

"If on enquiry the Government of India are satisfied that hardship is caused by the interpretation put upon rule 14 of order VI of the First Schedule to the Code of Civil Procedure, 1908, by the Courts of the Central Provinces, they will represent the matter to the Local Government with a view to the removal of such hardship by the amendment of the rule in question by the High Court for the Central Provinces."

The Hon'ble RAJA PARTAB BAHADUR SINGH asked :—

"Will the Government be pleased to state the total amount of Government expenditure on Primary and Higher Education in the different provinces of India, and what is the amount per head of the population in respect of each one of the provinces?"

The Hon'ble SIR HARVEY ADAMSON replied :—

"A statement * giving the information asked for is placed on the table."

The Hon'ble RAJA PARTAB BAHADUR SINGH asked :—

"Is the Government aware that considerable inconvenience is caused to the public by the new rules of the Telegraph Department in the case of second class telegraph offices that are kept open only at stated hours? If so, what, if any, action is intended to be taken thereon?"

The Hon'ble MR. ROBERTSON replied :—

"Government are not aware that considerable inconvenience is caused to the public by the new rules of the Telegraph Department in the case of telegraph offices that are open only at stated hours.

"Considerable changes have been made in the working hours of such offices since 1908, but the requirements of the public were considered in every case, and the working hours have not been curtailed in any instance except where the traffic returns showed that this could be done without inconvenience to the public.

"The principle which has governed the fixing of the working hours in telegraph offices is that an office should not be kept open when there is practically no traffic offering. To keep offices open for longer hours than this would generally mean a disproportionate increase in the working expenses. The 'late fee' system, by which, on payment of an extra charge, a telegram may be sent during the hours when an office is closed, is intended to meet the case of occasional telegrams.

"Superintendents of Divisions have standing instructions to keep themselves informed of the suitability of the working hours of all offices in their Divisions to the public requirements and to alter the working hours where required.

"If the Hon'ble Member will inform the Director General of Telegraphs of any particular instances in which the public are inconvenienced, enquiry will at once be made into the circumstances."

The Hon'ble MR. DADABHOY asked :—

"Having regard to the Hon'ble Sir Edward Baker's statement in this Council of 27th March 1907, anent compensation from the British Exchequer for the loss of the opium revenue of this Government, and to the actual loss of revenue necessitating the imposition of fresh taxation, will the Government be

* *Vide* Appendix E.

[*Mr. Dadabhoy; Sir Guy Fleetwood Wilson; Mr. Robertson; Mr. N. Subba Rao.*]

pleased to state what action, if any, has been taken by it or the Secretary of State to secure a substantial grant by way of compensation from the British Exchequer?"

The Hon'ble SIR GUY FLEETWOOD WILSON replied:—

"The matter is one on which the Government of India are not in a position to make any statement."

The Hon'ble MR. DADABHOY asked:—

"In view of the official statement in reply to a recent question in the House of Commons about the suggested amendment of the law relating to life assurance in India, will the Government be pleased –

(*a*) to make an early declaration of its intentions;

(*b*) to consult the public bodies besides Chambers of Commerce before taking final action; and

(*c*) to lay on the table all correspondence on the subject?"

The Hon'ble MR. ROBERTSON replied:—

"The Government of India have under consideration the question of amending the law relating to Life Assurance in India on the lines of the English law. Local Governments and Administrations have already been consulted on the subject, and with their replies they have submitted the views of the Chambers of Commerce and other representative commercial bodies. The Government of India have considered these replies and have found that there are likely to be practical difficulties in applying certain of the provisions of the English Act to Indian conditions. The difficulties are for the most part of a technical nature and will require careful examination. Amongst others I may mention the question of obtaining from Indian Companies a statement of valuation of liabilities similar to that required by the provisions and schedules of the English Act. This can be properly prepared only by a qualified actuary, and, so far as the Government of India are aware, there is only one actuary in the whole of India. At the same time the Government of India have as yet at their disposal no organization similar to that which the Board of Trade possess for scrutinising the statements and returns. There is further the question of distinguishing between companies which actually transact life assurance business and those which are in fact nothing more than Provident Societies, though they describe themselves as Life Assurance Companies. It is clear that the two classes cannot be brought under one common regulation. Any cautionary deposit, for example, which it might be deemed advisable to require from Companies doing life assurance proper would probably be excessive in the case of the smaller Provident Societies. Again, it may be necessary in the case of the latter to limit the liability for which each society may engage itself in respect of any individual policy and to restrict the class of business undertaken by such societies. The above are not the only points that have been raised, but I mention them to show that the application to India of the English procedure is a matter which requires a good deal of consideration. The Government of India are at present in consultation with experts at Calcutta and Bombay as to the best method of dealing with the whole question.

"With regard to the second part of the Hon'ble Member's question, I may say that public bodies will have an opportunity of putting forward their views on any measures that may be finally proposed before they become law.

"The Government of India do not consider it desirable at this stage to lay the correspondence on the table."

The Hon'ble MR. N. SUBBA RAO asked:—

"Will the Government be pleased to state—

(*1*) whether it is aware that Provident Funds under various names have been started in the Presidency of Madras, under cover of which promoters make large sums of money at the expense of subscribers and members, and ignorant people have been deluded by false promises and cheated of their monies;

(*2*) whether its attention is drawn to the judgment of the High Court in the Bapatla Provident Fund Criminal Appeal in which their

[*Mr. N. Subba Rao; Mr. Robertson; Mr. Madge; Sir Guy Fleetwood Wilson; Mr. Graham.*]

Lordships Mr. Justice Benson and Mr. Justice Abdur Rahim, on the 2nd February last, held that the Fund in question was more in the nature of a lottery and set aside the conviction and sentence passed on the accused—the Directors of the Company—by the Sessions Judge of Guntur; and to the remarks of Sir Ralph Benson therein that the Legislature should take into consideration cases of this sort and protect the ignorant and unwary from the snare set up by the promoters of such Companies;

(3) how far this evil is prevalent in other Provinces, and to place on the table reports, if any, received on the subject from Provincial Governments;

(4) whether it will take steps to introduce legislation to check the evil and extend the protection of law to *bonâ fide* Companies started for mutual benefit on the lines of Friendly Societies in Western countries?"

The Hon'ble MR. ROBERTSON replied:—

"The Government of India have recently received a communication from the Government of Madras urging the desirability of legislation to control the operations of Provident Societies which undertake life assurance business. No reports on the subject of such societies have of late been received from other Local Governments. But I may state that the question of undertaking legislation for their control was considered in consultation with all Local Governments in 1900, and the decision arrived at was that the necessity of such legislation had not at the time been established. So far as the Government of India are aware, the evil referred to by the Hon'ble Member does not prevail to the same extent in any other part of India as in Madras. The judgment of the Madras High Court alluded to by the Hon'ble Member has not been brought to the notice of the Government of India officially, but they have seen a report of the case in the public Press. As it appears from the reply which I have just made to the Hon'ble Mr. Dadabhoy, the question of undertaking legislation to control the operations of these societies is closely connected with that relating to Life Assurance Companies. The whole subject is at the present time engaging the attention of the Government of India, and they do not consider it desirable at the present stage to lay the correspondence on the table."

The Hon'ble MR. MADGE asked:—

"Will the Government be so good as to state whether, in the reply of the Under Secretary of State to a question from Mr. Rees, that it has been decided in future to aim at recruiting for Indians one-half of the vacancies occurring in the Enrolled List of the Finance Department, the word 'Indians' includes or excludes 'Statutory Indians' as defined by an earlier decision of the Secretary of State; and, if it excludes them, whether the Government will take steps to remove the barrier thus thrown up against the domiciled community."

The Hon'ble SIR GUY FLEETWOOD WILSON replied:—

"What has been decided is to recruit Indians, in the sense of persons of pure Asiatic descent, for one-half of the future vacancies in the Enrolled List. But this new decision throws up no new barrier against members of the domiciled community. They will still remain eligible, as at present, for admission by competition in India or by promotion from the subordinate ranks. Their position is in no way affected."

The Hon'ble Mr. GRAHAM, in the absence of the Hon'ble MR. ARMSTRONG, asked:—

"Are the Government of India aware that the amendment of the Bombay Port Trust Act, 1879, made by the Bombay Repealing and Amending Act, 1909, which recently received the assent of the Governor General, has created great dissatisfaction amongst that part of the mercantile community of Bombay which is represented by the Bombay Chamber of Commerce?

"Have the Government of India replied to the memorial of the Bombay Chamber of Commerce of the 31st July 1909, praying that assent might be withheld from the Act in question?"

[*Mr. Macpherson*; *Mr. Ghuznavi*; *Sir Harvey Adamson*; *The President*; *Mr. Dadabhoy.*]

The Hon'ble MR. MACPHERSON replied:—

"The Government of India are aware that the amendment of the Bombay Port Trust Act made by the Bombay Repealing and Amending Act, 1909, has been received with dissatisfaction by the Bombay Chamber of Commerce.

"The memorial of the Chamber to which the Hon'ble Member refers was carefully considered by the Government of India before His Excellency's assent was given to the Act, and they were of opinion that it was contrary to precedent to refuse assent to an Act passed by the Legislative Council of a Local Government on grounds such as were set forth in the memorial. The Government of India regret that a reply was not sent to the Chamber of Commerce with regard to their memorial at the time when the decision of the Government of India on that memorial was communicated to the Government of Bombay."

The Hon'ble MR. GHUZNAVI asked:—

"Will the Government be pleased to state the number and the names of the students from the different Universities who proceeded to England as State scholars under Home Department Resolution Nos. 1—45-57, dated the 12th February 1886, and No. 9—269-81, dated the 23rd August 1882? Will the Government be pleased to state generally the nature of their occupation since their return?

"Will the Government be pleased to state the number and nature of studies of the scholars who were selected for technical education in Europe under Home Department Resolution No. 41, dated 20th January 1904, and the nature of their occupation since their return? Also whether any Muhammadan was selected for any of these scholarships?

"Will the Government be pleased to state whether they have under consideration any scheme for a special scholarship, general or technical, tenable in England for Muhammadans similar to the special scholarship for Eurasians and Anglo-Indians instituted by Home Department Resolution Nos. 22—238, dated the 19th March 1907?"

The Hon'ble SIR HARVEY ADAMSON replied:—

"In answer to the first and second questions, the statements* placed on the table give the information asked for by the Hon'ble Member, so far as it has been possible to obtain it. Several of the scholars whose names are included in the statements have not yet completed their studies abroad. The answer to the third question is in the negative."

DISCUSSION OF THE BUDGET FOR 1910-11.

His Excellency THE PRESIDENT said:—"I should like to inform Hon'ble Members, before the discussion on the Budget begins, that, as I told them the other day, I propose to limit the speeches to 20 minutes with the exception of those of Members in charge. But as I am anxious not to interrupt Hon'ble Members in the middle of a sentence, I have arranged that a bell of warning should ring one minute before the time is up. I hope that will assist Hon'ble Members as regards their speeches."

The Hon'ble MR. DADABHOY said:—"My Lord, the general features of the Budget do not call for any special comment. But for the taxation and the loan, necessitated principally by an alarming growth in expenditure, it would perhaps have evoked popular applause. Even as it is it affords proof of the care and skill with which the Hon'ble Sir Guy Fleetwood Wilson has worked out the whole thing. I only wish he had made more strenuous efforts to keep down expenditure, both civil and military. It seems we are progressing too fast in the matter of expenditure. The main increase has been in the civil departments. The public have their suspicions about the utility and the necessity of all this heavy expenditure. A fuller explanatory note on the point would have been welcome, and would have helped us to form a correct estimate of the administrative value of the Government liberality.

"My Lord, the decision of the Government about the inquiry into the whole subject of high prices, mooted first by my friend the Hon'ble Mr. Chitnavis, is disappointing to a degree. In 1908 the Government undertook to consider the

* Appendix F.

[*Mr. Dadabhoy.*]

suggestion of a joint Commission of officials and non-officials "should they decide that inquiry was advisable." In 1909, in answer to my question on the subject, in explanation apparently of the delay in taking action, Government stated: "It is, however, a question of much complexity, involving a number of other issues of much moment." In the course of the Budget debate of last year the Hon'ble Finance Member announced in effect the Government decision to inquire into the subject, and his remarks induced the belief that an open inquiry by a Commission would be sanctioned. He observed:—

'Nor can I make any announcement yet regarding an inquiry into prices, for the manner and agency of the inquiry are still under the Secretary of State's discussion. . . . . We are prepared to ascertain the facts with the utmost care and to give our best consideration to any suggestions which are based on knowledge and accurate data.'

"Suggestions . . . .based on knowledge and accurate data," consideration of which was promised can only be made to a Commission taking evidence at important centres; the ascertainment of "the facts with the utmost care" is best effected by such a Commission of officials and non-officials. But a single officer is expected to do this work in disregard of the fact that a departmental inquiry of the sort can never be expected to elicit the facts bearing on a matter of "much complexity" and pregnant with various momentous issues. The terms of the reference would clearly shew that the subject lies more in the line of a first-rate economist than the cleverest officer, however experienced at figures. What is an office head to know of "world factors," of the permanent or temporary nature of the rise in prices, and of its "probable economic effects on the country as a whole and on the different sections of the community" which he is asked to report upon? The principle which the Finance Minister lays down of diagnosis preceding treatment, is exceptionable. We all are in cordial agreement there. But in my humble opinion proper diagnosis of the particular evil can only be made with the help of an open commission. The ascertainment of facts and the reasons underlying them is peculiarly within the province of a commission. That is by common consent the function assigned to commissions. Why should then the satisfactory method of an open inquiry by a commission be abandoned in a matter which is unusually complex and difficult, and in an examination of which all the help which economists of experience can give should be courted? The order has been reversed, and the idea seems to be that the "treatment" and not the "diagnosis" can be referred to a commission. This treatment, on the contrary, could be left, as it must in the end be, to Government.

"My Lord, the subject of the financing of Protective Irrigation Works finds a suitable place in a review of the Financial Statement. The present arrangement is precarious, and satisfactory provision for such works is a matter more or less of chance. The policy being to finance them from the revenue, a source of supply dependent upon various fortuitous circumstances, the initial outlay on them must necessarily be somewhat uncertain. The past history of the works supports this view. The Secretary of State, with a statesmanlike appreciation of the importance of irrigation, has been pleased to fix the maximum expenditure on Protective Works at 100 lacs of rupees, but that figure has so far not been worked up to. Last year's principle of economy and retrenchment does not inspire the allotments in the Budget under discussion, and the Finance Minister has set forth his position in clear language:

'Though I view with grave anxiety the steady growth of our expenditure, yet I realise that, without a general recasting of our scale of public charges, we cannot extend indefinitely those retrenchments of a temporary and emergent character which have been forced upon us in the last two years.'

"The "inevitable" "permanent strengthening of our resources," which the Finance Minister thinks necessary, has been effected by the imposition of fresh taxes. And yet the allotment for Protective Irrigation Works is less than the former maximum of 75 lacs by about $5\frac{1}{2}$ lacs. Unless, therefore, Protective Irrigation Works are placed on the same footing as regards Capital outlay as Productive Works, and are financed out of loan funds, as recommended by the Scott-Moncrieff Commission, there is not much prospect of their being pushed on with vigour.

[*Mr. Dadabhoy.*]

"The utility of these works is best proved in the province of which I am one of the humble representatives. In the scheme recommended by the Irrigation Commission there was not a large provision of productive works for the Central Provinces. Most of the works for that province were what are known as protective, as the prospective return was calculated to fall below the normal standard of $3\frac{3}{4}$ per cent. They were recommended for their protective value, a very great thing in itself which, in my humble opinion, would justify a liberal allotment even in years of financial stress. How popular these protective works are will appear from the remarks of the Local Government in the Resolution on the Administration Report on the Irrigation Branch of the Public Works Department for the year 1908-09:

'The agricultural year 1908-09 under review was marked by a heavy monsoon and a good harvest. The rainfall was generally above the average, yet the area irrigated, 34,808 acres, was very little short of the figure, 37,357 acres, for the year 1907-08, which was one of very short rainfall. This is most satisfactory, as it confirms the opinion repeatedly expressed in connection with the projects recommended for sanction that irrigation will be required and prove beneficial to crops even in years of good or normal rainfall, owing to the fact that the distribution of the rainfall is seldom exactly suitable.'

"This of itself would warrant a more vigorous programme of construction. The history of the Chhattisgarh irrigation works will make it abundantly clear that there is no cause for nervousness in expenditure on these protective works, and that the strong condemnation of the present classification of irrigation works into Productive and Protective by the Irrigation Commission is just. The following extract from the same Resolution explains the position:

'Now that the great advantage of irrigation has been realised by the cultivator in Chhattisgarh, and that the water-rates there are being raised, a better forecast can be made of the probable return that may be expected from these works. At present the areas irrigated are largest in the Raipur and Drug districts, because the protective works elsewhere are not yet sufficiently advanced to irrigate large areas. The water-rate charged in Chhattisgarh during the year was only Rs. 0-12-0 per acre on most of the area irrigated, yet five of the works there have given a net direct return of practically one per cent. The water-rate has already been raised to Rs. 1-4-0 and will soon be raised to Rs. 2. This should send the net return up to 27 per cent. and the indirect return may be estimated at about two per cent. But transplanted rice is beginning to replace broadcasted rice, and the water-rate in the case of this crop will eventually rise to Rs. 2-8 or even Rs. 3 per acre. These works therefore give every promise of becoming productive and if this should prove the case in Chhattisgarh, there is no doubt that those in other parts of the Province, where transplanted rice is the chief crop, cannot fall behind.'

"My Hon'ble friend Mr. Jacob, in spite of his experience and high authority as one of the most capable and distinguished engineers in the service of the Crown, will thus see that the Swat River Canal is not solitary proof of the artificial and misleading nature of the distinction now made between Productive and Protective Works. The estimated return in Chhattisgarh, with a water-rate of Rs. 2 per acre, is 27 per cent.; with the expected increased rate of Rs. 2-8-0 and Rs. 3 per acre, the yield should be much larger. The distinction is the more to be regretted in that it influences the method of financing the two different classes of works. The exigencies of the situation require that Protective Irrigation Works should be financed out of loan funds and not left to the tender mercies of the monsoons, which to a large extent determine the amount of available revenue. My Lord, a change of policy in the treatment of Protective Irrigation Works should now be carefully considered in view of the East India Loans Bill that has just passed through Parliament. The Secretary of State will have under the measure large borrowing powers for the support of Railways and Irrigation, and it will be a matter of regret if the increased financial ability is not utilised for the construction of these very necessary and valuable works. Larger and more liberal allotments are clearly required for the Central Provinces. The execution of the Tendula project, costing 95 lacs of rupees, can no longer be delayed with justice to the province, and the Mahanadi Canal should also be taken in hand as soon as it is sanctioned. I earnestly hope the facts I now place before the Council will engage the sympathetic attention of Government, and at least the maximum expenditure of 100 lacs a year on Protective Works sanctioned by the Secretary of State will be provided for in the Annual Budget, irrespective of the amount of surplus.

[*Mr. Dadabhoy.*]

"My Lord, it is a matter of the deepest regret that no provision is made in the Budget for the separation of judicial and executive functions. The Hon'ble Finance Member is silent on the subject. There is thus little chance of the reform being introduced even next year. Need the Government be reminded that delay in the introduction of this urgent reform is capable of misconstruction? "Hope deferred maketh the heart sick." Two years ago the Hon'ble Home Member in this Council explained the details of a scheme this Government undertook to refer to the Governments of the two Bengals and the High Court of Bengal for examination and criticism. The reference must have been made soon after. In February last year I was informed in this Council that replies had not been received, and when they were, further consideration of the scheme and a further reference to the Secretary of State would be necessary. Nearly fourteen months have elapsed since then, but the subject does not appear to have passed beyond the initial stage of discussion. Nor is it expected that the scheme would be fit for introduction during the coming year. Why there should be so much delay over the settlement of the details of a small measure is a matter of surprise to the country. An early declaration of the intentions of Government in this respect will remove much misapprehension. Surely the tentative introduction of a change of this nature in the district administrative machinery is not a reform of such magnitude or complexity as to elude settlement, if tackled with vigour by Government. The public hope, notwithstanding absence of Budget provision, the Government will see its way to put the scheme into practical operation next year. The experiment cannot cost much, and such as it is, the bulk of it, if not the whole, will be met from Provincial revenues.

"My Lord, the Hon'ble Mr. Harvey's statement last year of the Government policy of financing improvements in the existing Railway lines with borrowed capital, unsupported as it was by detailed reasons, is, to my mind, inconclusive, and has failed to convince the people of either its necessity or its wisdom; and I regret I have to repeat my complaint on that head. I shall be glad to know the special reasons which prevent the adoption in Railway finance of the same salutary method of effecting improvements out of revenue as is followed with such conspicuous success in private commercial and industrial undertakings. Improvement in such enterprises is provided for by a Depreciation Fund, and unless a thorough overhaul becomes necessary, the arrangement is found satisfactory. New machinery, new buildings, and additional facilities are provided for from the revenue, and on exceptional occasions by temporary loans. Private companies do satisfactory business that way. It is doubtful economy to appropriate to general account any portion of the revenue, and leave the cost of the improvements to be defrayed out of Capital Expenditure. The existing arrangement is unsatisfactory, epecially because it does not give the public an accurate idea of the commercial value of Railways.

"One thing more before I leave the subject. The Hon'ble Mr. Harvey, in response to my appeal of last year for a moderation of the constructive activity of Government, stated that the Government looked forward to "an increase, and not a reduction, in our present rate of progress." My Lord, duty impels me to sound a note of warning that such a decision will be opposed to public opinion which the Government values. I do not refer here to the large commercial bodies who are interested in Railway development; I speak of the intelligent general public who are not satisfied with the Railway returns, are apprehensive that the present rate of progress in construction, not to speak of any increase in it, may ultimately impose a heavy burden on our finances, and are in favour of a cautious programme. The Finance Minister says last year there was "a net loss" on Railway account. Judged in the light of human probabilities, the experience may not be unique, and it is likely that, given similar meteorological and commercial conditions, the same results will follow. Will it not be prudent to shape the Railway policy in recognition of this fact?

"My Lord, in judging of the financial position of Government, the present price of opium should be considered. The market has firmed up within the last few weeks, and the rate at present is much over the estimated price per chest with a distinct upward tendency. There are operators who would predict a steady average of about Rs. 3,000 per chest. The reduction in the supply would thus be more than counterbalanced by a large improvement in the selling rate. It may in the end be that the actual loss during the current year will be considerably

[*Mr. Dadabhoy.*]

less than the latest estimate, and that there will be small loss next year in the revenue from this source. The anticipations of the Hon'ble Finance Member may thus prove unnecessarily lugubrious. There is at least no reason to suppose that the financial difficulty is really so serious as to justify additional taxation. At the same time it may be, and it appears only natural in the circumstances that it should be, that the ultimate loss in revenue to this Government, due to the British agreement with the Chinese Government, will be very serious. No improvement in the rate can compensate for the interdiction of the trade. The ultimate elimination of this source of revenue is a factor which must be constantly kept in view and provided against beforehand. But the manner in which the difficulty is sought to be overcome is open to comment. The loss is the direct result of the policy of the Imperial Government. The people have therefore a right to expect that the Home Government would recoup the loss occasioned by its policy by a handsome contribution. It is but bare justice to this country; it is unfair to place the whole burden upon India. Government, the public earnestly hope, will press this matter upon the Home Government.

"My Lord, the present depressed condition of the Indian cotton industry should engage the anxious consideration of this Government. The development of Indian manufacture, providing as it does a solution of the Indian economic problem, must have official sympathy and support; and when a hitherto progressive industry is threatened with injury, adequate provision ought to be made by Government for its preservation. Every obstruction, every drawback should be removed; nay more, — every encouragement should be given to maintain vitality and to ensure growth. The countervailing excise duty upon Indian cotton fabrics is an impediment—unnecessary, unjust, irritating, and vexatious which a wise Government would in the circumstances hasten to remove. But there does not appear to be, in England at any rate, any disposition to do this act of justice and statesmanship. The public had hoped that the temper of the Home Government in relation to this matter would improve after the General Elections; but the Secretary of State's promise to consider the question of a countervailing excise upon Indian tobacco is calculated to dispel all hopes of redress. My Lord, nowadays we hear a good deal of Tariff Reform; there is a swinging back of the pendulum in free-trade England. Why cannot the people of this country hope for a share in that reform when it comes? Why cannot they expect a protectionist change in the tariff policy of this Government? I refuse to believe that Lord Curzon's view, that India cannot have a place in a scheme of tariff reform, except one of absolute and unquestioning subordination, represents correctly the sentiment of the English nation. There is a general feeling in favour of Protection in this country; a judicious protective tariff is demanded by intelligent public opinion in the interests of the undeveloped industries. Can the Government disregard this opinion long with either justice or advantage? No doubt the question is very serious, involving far-reaching issues, and should not be lightly disposed of; but public interest would best be served by a free discussion in private conference between the representatives of the Government and the leaders of public opinion. If protective tariff is found either impossible or undesirable at such conference, the people will be easily reconciled to the position.

"My Lord, so far as Government has any real financial difficulty to fear at present, it is due, not so much to the contraction in the opium revenue, but to that ill-fated Partition of Bengal which has taxed, and promises to tax in future, the resources of this Government. The incidental charge, capital and revenue, is inconveniently large. This is only the beginning. The prospective increase in expenditure on account of this Partition may be assumed to be larger still. And the burden unhappily falls equally upon provinces that have no direct interest in it.

"My Lord, outside this Council the complaint has been that Central Provinces subjects have bulked too largely in our deliberations, but the existing state of things forces our hands. We, representatives of the province, shall be glad to exclude matters of provincial interest from our appeals and criticisms, provided facilities are given us for their discussion in a Provincial Legislative Council. Last year I pleaded for the creation of such a Council by proclamation under s. 46 of the Indian Councils Act of 1861, but the suggestion was not acceptable to Government. Nobody regrets the decision more than the people of the province. It

[*Mr. Dadabhoy.*]

deprives them of the most effective means of bringing local matters to the notice of Government. Two members, or even three members, cannot be expected to do full justice to the various insistent claims of a large and growing province in a Council having charge of the legislative interests of the whole of India. Many subjects, besides, have now to be eliminated from our discussion as being too parochial; for every point raised a reference to the Local Administration becomes necessary. The absence again of the direct and free discussion between the Hon'ble the Chief Commissioner and the representatives of the people, such as is ensured by a Provincial Legislative Council, often gives rise to misconceptions, and the decisions of Government based upon the views of local officials, which are from the necessities of the situation uninfluenced by "advanced public opinion," do not meet the public wishes, and are liable to misinterpretation. The people have no means now of influencing the decisions of the Local Administration, except by a personal appeal or in private interview. However sympathetic and enlightened the Chief Commissioner may be, and the present incumbent, the Hon'ble Mr. Craddock, I am glad to publicly acknowledge, is both, he has to depend more or less upon local officials for information and advice. The reports of these officers go unchallenged. The corrective influence of public opinion is absent. The local public therefore demand a local machinery for the discussion of provincial matters. Meetings have been held at different centres, requesting the Government to create at least an Advisory Council, such as was recommended by the Hon'ble Mr. Craddock in his Note on the Reform proposals of this Government. My Lord, is it too much to hope that Your Excellency will still, before laying down the reins of office, provide a Legislative Council for the Central Provinces, or, failing that, an Advisory Council on the lines suggested by the Hon'ble Chief Commissioner.

"The Central Provinces people also earnestly hope that the recent amendment of the Central Provinces Civil Courts Act will lead to the creation of a Chief Court at Nagpur.

"My Lord, the Regulations framed under the Reform Scheme demand careful notice. I do not doubt they are framed with care and the best of motives, but they are capable of considerable improvement in certain respects. The rules regulating elections are not popular; they fail to secure popular co-operation in the work in the manner contemplated in Lord Morley's despatch of November 1908. Important classes have no share in the elections; the educated Indian as such has no voice; the masses do not participate in them. These are defects which the country expects will shortly be removed. In my humble opinion, with a view to associate the people more intimately in these elections, a few seats on the various Councils should be thrown open to individual voting, so that every respectable citizen may feel he is a recognised unit in the Empire. To secure proper representation and discourage undue influence in these elections, it would be far better to provide for individual voting by the members of the local bodies instead of voting through delegates. The educated community should also have the suffrage, not through universities only, but individually. The veto which Government has reserved to itself should provide the most effective check upon reckless elections. Government has nothing to fear but much to gain from the suggested changes. The people will then come to take a healthy interest in these elections, and will necessarily be more intimately associated with the Administration. The object of the scheme will thus be served.

"My Lord, before I conclude I must give expression to the general feeling of regret felt in India at the termination of the period of Your Excellency's office. It is a very great loss at the present time. It is almost a personal loss to us who have had the privilege and the pleasure of coming into direct contact with Your Excellency; to the general public Your Excellency's retirement means the withdrawal from the Administration of a Pro-Consul who, distinguished alike by numerous qualities of head and heart,—firm, sympathetic, and far-seeing—has done much to restore order at an exceptionally difficult juncture, and to lead the people to a nobler sphere of political activity and administrative utility than before. We all hope, my Lord, although removed from us by continents and oceans, for long years to come Your Excellency will continue to watch over the interests of this distant dependency, and from a higher sphere of executive responsibility to mould its destinies with Your Excellency's characteristic sympathy and benevolence."

[*Mr. Jacob*; *Mr. Chitnavis.*]

The Hon'ble MR. JACOB said :—" My Lord, I do not propose to occupy the time of the Council for very long. I spoke at some length at the irrigation debate on the 9th of this month, and Mr. Dadabhoy, in the part of his speech referring to irrigation, has introduced nothing new except a new inaccuracy. It is only with reference to this inaccuracy that I should like to say a few words.

" My Lord, Mr. Dadabhoy and I are both irrigation enthusiasts, but I must confess that he has beaten me this time. My enthusiasm is on a lower plane than his and does not permit me to ignore decimal points or to multiply the returns of our irrigation works by ten to show what amazing feats our irrigation officers can perform.

" When I spoke on the last occasion I explained to the Council that there was only one work which, originally classified as a protective work, had ultimately proved to be productive. This was the Lower Swat Canal, and I also explained that it was not a case in point as it was a work which should never have been classed as productive. Mr. Dadabhoy contests the truth of what I then said. He calls attention to another work, and to prove his point he quotes, or rather misquotes, from the Central Provinces Resolution on the irrigation report of 1908-09. He makes the Local Administration say that provided certain irrigation rates are imposed on the tank works in the Chhattisgarh civil division, these works will pay 27 per cent. I would first like to explain that these Chhattisgarh tank works are not protective works in the way we technically class them. They are minor works, and I never said that minor works were not remunerative ; in a good many cases they are, but for the purposes of the Hon'ble Mr. Dadabhoy's argument they are irrelevant. But even if these works were in the protective class, Mr. Dadabhoy is mistaken in thinking that they are remunerative. What the Local Administration said was this. The present rates are Rs. 1-4 and it was hoped in time to raise them to Rs. 2, and when they had been so raised the project should pay 2·7 per cent. and not 27 per cent. as stated by the Hon'ble Mr. Dadabhoy.

" My Lord, Mr. Dadabhoy in his error can comfort himself in the knowledge that another famous statesman, Lord Randolph Churchill, found a difficulty with decimal points and wanted to know what all the little dots meant. I have corrected this mistake because it is right that the Council should not be misled. The Central Provinces irrigation works are doing extremely well and they will no doubt do better in course of time, but they are not, and never will be, the El Dorado that the Hon'ble Mr. Dadabhoy would have the Council to believe."

The Hon'ble MR. CHITNAVIS said :—" My Lord, three brief years have dissolved the hopes expressed by the Hon'ble Sir Edward Baker ' that the void ' in our opium revenue ' will be made good without imposing on Indian taxpayers a burden greater than they can bear.' The fears I then expressed have come out true. In the words of Mr. Montagu, Under-Secretary of State, ' India's strict fulfilment of the agreement has imposed serious burdens on the Indian Government and the Native States.' We have so far only lost a fraction of the revenue. The budgeted loss in revenue of a little over a crore of rupees, together with a small increase in the Provincial allotment to East Bengal, has necessitated not only a loan of a crore-and-a-half of rupees, but heavy taxation. I shudder to think what the influence upon Indian finances of the total loss of the revenue a few years hence will be. The financial difficulty of the Government gives point to the appeal I made in 1907 for a substantial contribution from the British Exchequer. To place upon India's weak shoulders the whole of the loss in revenue caused by the policy of the Imperial Government would be opposed to the noble traditions of the English people. This is not the first time they are engaged in a moral fight ; all their past services in the cause of morality have been accompanied by pecuniary sacrifices which have made them honoured among civilised nations. Why should India alone be denied that financial assistance that has been ungrudgingly given to other countries on similar occasions ? Owing to difficulties over the British Budget, it may not be possible to give practical effect to this suggestion immediately ; but all I plead for is a contribution by the Home Government after settlement of its present troubles.

" The partition of Bengal, according to the Hon'ble Finance Member, is equally responsible with the opium policy for Government's difficulties. Notwithstanding the well-known arguments of administrative efficiency and needs, the multiplication of offices which an administrative change like the partition involves is an act

[*Mr. Chitnavis.*]

calculated to alarm the public. My Lord, in India, judging from past experience, the cost of administration has a normal tendency towards expansion, and, in my humble opinion, anything which helps the growth cannot be too strictly scrutinised, and, if avoidable, cannot be too severely condemned. The whole country must view with alarm the duplication of offices in Bengal and the large increase in cost in consequence of the partition, especially when it imposes burdens upon the other provinces.

"The growth of expenditure under the head 'Salaries and Expenses of Civil Departments' is alarming. The budget estimate for 1910-11 exceeds the actual expenditure in 1905-06 by 14 per cent., and that of 1904-05 by 22 per cent. Such a large increase in normal years imperatively demands scrutiny. The police expenditure has grown enormously. Compared to 1905-06 the increase is 31 per cent., and to 1904-05 it is 40 per cent.! Something should be done to arrest such abnormal growth, and the Finance Minister who applies the brake will deserve well of the community. The Finance Minister himself, speaking of the difficulties of the Government, remarked last year: 'The occasion is one not for cheery optimism, but for circumspection and economy.' The lapse of a year has only added force to the weighty opinion. It should not be beyond the resourcefulness of such a capable Minister as the Hon'ble Sir Guy Fleetwood Wilson to devise means for keeping civil expenditure under control.

"My Lord, the suggestion for retrenchment and apportionment of cost is made not in a captious spirit, but with all humility, in full recognition of the good intentions of Government, under a sense of alarm at the risks Government is undergoing in adding to the popular irritation and discontentment by fresh taxation. Were economy the dominating principle of Indian finance, in spite of the contraction in the revenue, the recent taxation could have been avoided. Taxation is always unpopular, and introduced at a time of public excitement and unrest, it excites suspicion and becomes a source of danger to the State.

"My Lord, the Budget under discussion is remarkable in more ways than one, and the Hon'ble Finance Member is to be congratulated on not only a distinctly Puritan budget, but on taxation which might encourage, however feebly, home industries. The country must be grateful to him for his sympathetic attitude towards the Indian industries. 'I think Swadesi is good; and if the outcome of the changes I have laid before the Council result in some encouragement of Indian industries, I for one shall not regret it.' For a Finance Minister to say even so much is not a small thing. No Finance Minister could be expected to evince a more active sympathy in the present state of India's fiscal dependence upon the most pronounced and determined free-trade country of the world. The Hon'ble Sir Guy Fleetwood Wilson has indeed placed the people under deep obligations. We all appreciate his kindness and benevolence. At the same time we regret the absence of fiscal autonomy for India, and the limitations under which this Government has to frame its industrial policy; we regret Government cannot give the country a protective tariff forthwith. However excellent free trade may be for a country in an advanced stage of industrial development, it must be conceded that protection is necessary for the success and development of infant industries. Even pronounced protagonists of free trade do not view this idea with disfavour. England has not reached her present state of development without protection. The history of English monopolies of the sixteenth century and the early part of the seventeenth points to an unmistakable moral. That Indian manufacturing industry is in its infancy, does not admit of controversy. Why should not India then claim special protection for her undeveloped industry? Even countries remarkable for their industrial enterprise and excellence protect their industries. The United States of America and Germany are decidedly protectionist; the British colonies have protective tariffs; according to the Master of Elibank, they impose 33⅓ per cent. duties even upon British imports; and latterly there has come to be a distinctly protectionist feeling in Britain itself. The duties imposed by the colonies are protective in purpose, scope and effect. They are not like the Indian import duties levied for revenue purposes. The Indian appeal for protection cannot in the circumstances be unreasonable. The development of the industries is a matter of great moment to the Empire, and the popular leanings towards protectionism ought to engage the sympathy of the Government. But, my Lord, even taxes levied for revenue purposes, uninspired by economic considerations, excite the jealousy of the British manufacturer, and lead to the imposi-

tion of countervailing excise-duties. "The imposition of import-duties for revenue purposes is sanctioned by precedent and principle alike. The Hon'ble Sir Guy Fleetwood Wilson himself forcibly points out: 'Even in free-trade England we have always imposed considerable customs-dues, not to protect industries, but to raise revenue.' And yet for a small import-duty of 3½ per cent. upon cotton goods a countervailing excise-duty upon home manufactures is imposed in disregard of Indian public opinion, and the latest pronouncement of the Secretary of State has dispelled all our expectations of the righting of this wrong. The people again feel alarmed at the news that the Secretary of State has promised to consider the question of an excise-duty upon Indian tobacco. We hope the Government of India will strongly resist all attempts to force these irritating excise-duties upon India. This Government with its knowledge of local feeling and local conditions cannot favour such duties, and they must be fought with vigour with all the resources of enlightened statesmanship which we have come to associate with Your Excellency's honoured name.

"My Lord, for the industrial progress of the country something more positive than a protective tariff is necessary. I thankfully acknowledge Government is fully alive to this fact, as is evident from its efforts, so fully explained by the Hon'ble Sir Harvey Adamson the other day in this Council, for the spread of technical and technological knowledge in the country. Such education *is* necessary; but the question is, what is the urgent need of the hour? In my humble opinion, it is the encouragement of industrial ventures by the establishment of model factories and a well-devised system of guarantee even more than mere technological and polytechnic instruction. The present industrial prostration of the country, in the opinion of experts, is due principally to want of enterprise and initiative on the part of the people,—an inertia and lack of foresight which prevent application of capital to undertakings out of the common groove, and keep it confined within traditional limits. The immobility and shyness of capital is the chief impediment to industrial development. Administrative treatment should be directed to this subject first. In saying this I do not for a moment deprecate the spread of technological knowledge. I believe in it, and I believe there is need for it in the country; but drawback for drawback, even more than lack of expert knowledge that which retards industrial progress is want of correct information about the economic uses of the raw materials that are plentiful, the market for the manufactured article, the commercial prospects of particular industries, and the method of work. The State undoubtedly should provide adequately for the technological education of the people, but at the same time should do something more to encourage and facilitate the employment of capital in new and remunerative channels by inspiring confidence among capitalists. The nervousness of the nation must be got over. And for this example is decidedly better than precept. A model factory successfully worked will provide an object-lesson at once effective and inspiring. The Western nations have developed their manufacturing industry not so much by technological education on scientific lines, as by practical training in the factories. Japan has taken all its industrial inspiration from the West. Factories and new manufactures will help industrial development more than anything else. The alumni of a Technological or Polytechnic College are much in the position of elaborate instruments that have to be employed with discretion and skill in order to derive profit. And they can only be profitably employed by capitalists informed, imaginative and enterprising. The objective of Government should therefore be to raise such a body of capitalists in the country, simultaneously with making adequate provision for the industrial education of the people. The requisite information should be supplied by commercial bureaus, and confidence must be inspired by the successful working of model factories as also by offering guarantees for the payment of interest upon Indian capital employed in new and promising ventures. Government, it must be acknowledged with gratitude, has made a fine start in the matter of the introduction of the principle of co-operation. The work has now to be followed up with spirit. Mr. Chatterton's example in Madras may well be followed in other provinces. But for him probably we would not have heard so much about the aluminium industry and chrome tanning. In industrial

ventures as in many other matters the initiative must come from Government The development in Indian railways is largely due to a system of State guarantee which might profitably be extended to other industries. The Government is more or less in the position of a trustee of the national wealth, and everything should be done by it to develop that wealth. These measures are all the more urgent in that, through Government as well as private liberality, a large body of young men are being trained in the various industrial arts, and the promised establishment of technological colleges we advocate will swell the ranks of Indian experts. Unless an opening is found for their talent and they are employed, they will be idle and discontented, and might be a source of anxiety to Government.

"My Lord, Government should also foster and encourage the accumulation of capital in the country. With more sympathetic settlements this object can be easily attained so far as landholders are concerned. The capital holdings of the malguzars have latterly become more and more attenuated. It is not that they lack intelligence and foresight; but under existing conditions they have seldom much to put by. Mr. Sly's description of their condition in his admirable Memorandum of 1902 has a sad interest, not only for its truth, but for the remedies that a perusal of it will obviously suggest to the mind:

'Coming to the agricultural population proper, I first take the malguzars or village landlords. It is an opinion commonly held that during the famines the malguzars have suffered even more severely than the tenants. * * Most reports agree that the burden of indebtedness has increased, whilst there can be no doubt that the value of landed property has temporarily decreased, except in the cotton tracts. Government has assisted them by large remissions of land-revenue; but these involve corresponding remissions of rent, so that the income of the malguzar is still diminished. The standard of living has deteriorated; gram and juar are sometimes eaten instead of wheat and rice; houses are not kept in such good repair; and clothes are not so good. Apart from losses in his cultivation and in his rent collections, the malguzar has lost largely in his transactions as village grain-lender. Formerly the position of landlord was as much coveted for the profits made out of grain-lending to tenants as it was for profits out of cultivation and rent-collecting, but the famines ruined most of the grain-lending business.'

"There has been some improvement, it is true, in the condition of malguzars since 1902, but it is still much below the mark. This deterioration in the condition of malguzars, coupled with a general movement of village labourers to towns for lucrative employment, has paralysed village industries. According to Mr. Sly:—

'Indigenous village industries, which are of far more importance to the welfare of the people, present a very different picture of gradual decay.'

"Every effort should be made for the revival of these industries. They serve a very useful purpose; they give employment and secure competence to thousands of villagers and contribute to the prosperity of the villages, by attracting back emigrants. Easier assessments of rent and revenue, with a view to leave a sufficient margin of profit to the malguzar and tenant, and longer settlements will, in my opinion, go a great way to infuse hope and spirit among malguzars, and to promote accumulation of fluid capital in the hands of both malguzars and tenants.

"My Lord, speaking of villages and industries, the claims of the principal industry—the agricultural industry—force upon one's attention. Government, I gratefully acknowledge, has of late done much to improve agriculture. The agricultural schools and colleges, the peripatetic lectures on agriculture, the experimental farms, the Civil Veterinary Department all testify to the keen interest Government takes in the improvement of this very important industry. But one subject in this connection demands an early and sympathetic treatment at the hands of Government. The question of the preservation of the stock of cattle, to which my friend the Hon'ble Mr. Dadabhoy has also drawn the attention of Government, is causing intense anxiety to agriculturists. Prices have gone up; and the cattle difficulty threatens to become acute in the near future. It is time something should be done by Government to tackle this difficulty. A general survey of the stock of cattle, periodically renewed, will help the authorities in deciding upon necessary measures. The incidental cost will be little in case this survey is undertaken along with the next census.

[*Mr. Chitnavis; Maharajadhiraja Bahadur of Burdwan.*]

"Allow me, my Lord, on behalf of the important constituency I have the honour to represent on this Council as also of the larger public who are unrepresented but who feel much as I do, to offer Your Excellency sincere felicitations on the substantial work of administrative reform Your Excellency has done in this country and the calm and unperturbed disposition and sympathy that have distinguished Your Excellency throughout the troublous years of Your Excellency's régime, and to express our sincere regret that Your Excellency's term of office will shortly expire. My Lord, believe me, this is not the conventional language of the courtier; it has its roots in the heart of the nation for whom I am only the humble spokesman."

The Hon'ble MAHARAJADHIRAJA BAHADUR of BURDWAN said:—"My Lord, it has been the custom in the past for non-official members to indulge in making general observations about the administration of India on this the Budget Debate day, and I therefore crave the indulgence of this Council to bear with me for a few minutes in the remarks that I am about to make, which, although they do not directly concern the Budget before us, will, I hope, not be found irrelevant in regard to the general administration of the Government of India.

"My Lord, a strong case was made out the other day for the expansion of primary education in this country and the urgent necessity of its being made free and compulsory. I need hardly say that the principle of the movement has my cordial sympathy, but certain difficulties have got to be overcome: not only have ways and means to be found, but having regard to the peculiarity of the masses of India, other matters will have to be taken into consideration which I leave to the Government of India to enquire into. Mr. Gokhale made certain suggestions when he moved his resolution in Council, and I hope that when the Government of India have examined them minutely, the results of such examinations will be made known to us, so as to enable us to know how we stand. Now, my Lord, while fully admitting the necessity of considering the question of compulsory and perhaps free education in this country, I am one of those who like to confront the actual difficulties before us before going into matters in regard to which difficulties have not arisen at present, but may arise hereafter. It is, therefore, that I think that before giving attention to the question of primary education, the Government of India should give its closest attention to the claims of those that are knocking at the door. At the present moment, we are confronted with the most serious problem, that of the educated unemployed. My Lord, if we were to collect statistics—a thing which I do not intend to venture upon myself, as I am not an expert at it like my Hon'ble Colleague Mr. Gokhale—and to find out what number of young men who went up for the Matriculation Examination and the Intermediate Examination in Arts got plucked every year, and out of those who failed, what percentage went up again for the higher standards and what number left their studies in search of employment, we would get at the bottom of a great deal of unrest in this country. It is not at all surprising to find, my Lord, that youths should be led astray when they realize that even if they were to go in for the B.A., M.A., or other higher standards, there were not sufficient openings for them in this country, and naturally, the minds of some of these disaffected young men turn to themes of a distinctly anti-Government nature. It is for these that I plead before Your Excellency today. Either retard the progress of education in this country, or give India's sons a million or two more in the shape of employments as a reward for the education that they are receiving. Larger openings for them in technical and industrial lines have become a crying and irresistible need. The problem is, no doubt, a knotty one; but I venture to say not insoluble. When at the present moment the number of the educated unemployed is overwhelming, it is the duty of the Government to meet as far as possible the demands of these, before launching into the question of educating the masses or taking up larger schemes of scientific, industrial and technical education. By this, I hope I shall not be misunderstood as being against encouraging primary education in this country or desirous of

hampering the progress of the different branches of education mentioned above of which I am an ardent advocate; but what I mean to say, my Lord, is that the other is the greater and more urgent need: and every Minister of the Government should give this problem his most careful consideration; for, if you give education—which you are bound to do, as the best traditions of the English race urge you to do—more openings, more posts must be thrown open to the inhabitants of this country, so that they can feel that a broader field is still open for them to cover, and thus enable them to realize that they are officers and citizens of the British Empire and not simply British subjects, and as such they cannot afford to be disloyal to the Government.

"Now, my Lord, I turn to a less controversial question. Much to our regret, this is the last session in which we shall have the pleasure of seeing Your Lordship preside over us as Viceroy and President; and I, therefore, take this opportunity on behalf of the zamindars of Bengal, Behar and Orissa, whose suffrage I have the honour to represent in this Council, to convey to Your Excellency our deepfelt gratitude for the special electorate that you have given us. Being a great zamindar yourself, Your Lordship will realize what hopes, what ambitions have been aroused in the hearts of the zamindars of India by this recognition on the part of the Government that they are a body of men not to be ignored, that they are a community whose unflinching loyalty has furthered the cause of the stability of the British rule in India, and that they are the natural leaders of the people, and, as such, they have a legitimate claim for a legitimate attention from the Government. I admit, my Lord, freely that there have been and there are unfortunately some zamindars in this country, as in every other country, who have indulged and indulge in useless lives of indolence; but that is why we feel all the more grateful to Your Excellency for giving us these special electorates, and thus helping to bring home to us the fact that the age has arrived in India when every zamindar must realize that duty comes first and pleasure afterwards, and that every zamindar must understand the true meaning of the term 'natural leaders.' I sincerely hope, my Lord, that we shall not belie the trust reposed in us and that some day, though that day may be distant yet, India may once more claim a whole host of useful and capable zamindars, real leaders of the people and stalwart supporters of the Government.

"My Lord, in this connection, though it does not concern this Council in particular, I beg to convey to Your Excellency, and through Your Lordship to the Secretary of State for India, our appreciative thanks for the appointment of a zamindar to a Provincial Executive Council. By this appointment, the Government has accepted a principle which is very dear to us zamindars as a body; that is, if capable members of the aristocracy be found, they will not be debarred from getting portfolios on the Provincial Executive Councils, or, for the matter of fact, on the Imperial Executive Council in this country. I refer, Sir, to the appointment of my respected friend, the Hon'ble Maharaja of Bobbili, to the Madras Executive Council. I see he has been criticised freely, and a little bit unjustly too; but I am sure he has a broad back, and that his common sense and his experience in zamindari management will help him through, and that he will prove worthy of the trust reposed in him, and that, as he is the first Maharaja to get such an appointment under British rule in India, he will not fail in his duty; for with him has begun a great experiment, and on him will rest, to a certain extent, the success which will enable the door to remain open for others hereafter.

"With these few remarks, my Lord, and with the hope that my esteemed friend, the Hon'ble Sir Guy Fleetwood Wilson, will not allow the probate-duties to remain permanently enhanced, and that my colleague, the Hon'ble Sir Trevelyan Wynne, will be able to put the Burdwan-Cutwa Railway project higher up in the Railway Programme, I beg to support the Budget before us."

The Hon'ble MR. FENTON said:—"Today is the first occasion on which an opportunity has been provided for the official members who represent the Provinces to touch upon the question of Provincial finance. The views of the Hon'ble

[*Mr. Fenton.*]

the Finance Member on the subject, his apportionment of praise and blame among the several members of the administrative family of Provinces, have now for some time been before the Council; and the Council, I believe, will not have failed to mark that the proverbial partiality which a parent so frequently exhibits towards the youngest member of the family is fully in evidence in the present budget. When I contrast the liberal treatment meted out to the Province of Eastern Bengal and Assam with the stern admonitions administered to some other Provinces, and notably to the Punjab, I am moved to a feeling of profound sympathy with the attitude of that brother of the prodigal son for whom the fatted calf was *not* killed. My Lord, the Hon'ble the Finance Member in his introductory statement has not dealt tenderly with the Punjab. I was particularly impressed by the emphasis of his declaration that the Government of India declined to admit that the Provincial Settlement is inadequate. That its operation has resulted in a depleted balance and in an appeal for help is, in Sir G. F. Wilson's opinion, proof not of illiberality on the part of the Supreme Government but of uneconomical management by the Provincial administration. We are invited to examine the causes of what is called the insidious growth of expenditure, and we are admonished sharply to check them. Sir Edward Baker is held up for admiration as the exemplar to be copied in this respect. My Lord, during the period that has elapsed since the financial settlement came into operation four Lieutenant-Governors have been at the head of the Punjab administration. If there has been failure, then one and all of them have failed sharply to check the causes of this so-called insidious growth of expenditure. And why? Let us begin at the beginning, for this failure manifested itself at a very early stage. The new settlement came into force on 1st April 1905. On 4th April, just four days later, there occurred one of the most calamitous earthquakes of modern times. Its disastrous effects upon the finances of the Punjab are still in evidence. The immediate effect was the loss of a considerable sum in land-revenue and a heavy expenditure in relief operations. But you cannot restore the public buildings of one of the largest districts of the Province without making abnormal demands upon the Exchequer. The rebuilding of the courts and offices of Dharmsala, which is yet far from complete, is a heavy item in each annual Provincial budget. It is open no doubt to the Government of India to say that the Provincial Settlement was a win or lose, for better for worse, one, but when the cause of failure is of the nature of the event of the 4th April 1905, I think that the situation is one which calls for sympathy rather than admonition.

"And, my Lord, sympathy rather than admonition is called for in respect of another failure sharply to check the insidious growth of expenditure. I refer to the medical charges in connection with plague and malaria. These calamities, no less than famine, in the present state of our knowledge and of the attitude of the people towards remedial measures, are beyond the control of a Local Government. But when famine visits a neighbouring province the Imperial purse-strings are loosened. The accounts for the year 1908-1909 show a donation of no less than 68¾ lakhs in aid of Provincial resources to Sir John Hewett's Government. Such generosity to the Punjab Province in its afflictions of the past five years would have been welcomed, and I may add will still be welcomed should the Finance Member cease to harden his heart. I may remind him that we are not at the end of our calamities. The destruction and havoc that may be caused by river inundation have been brought prominently to notice by the floods which have submerged Paris. To compare Dera Ghazi Khan with Paris may seem ridiculous, but while in the French capital the calamity was a temporary one, the Indus town is being swallowed up for good and all. Already a third of it has been wiped out of existence, and in all probability two-thirds will have disappeared before the next autumn floods subside. The town includes several Government buildings. After it has gone the civil station with its residences, courts, jail, police lines and other institutions must inevitably follow. This shadow looming in the near future is calculated to dissipate all hopes of building up a Provincial balance within any time that can reasonably be forecasted.

"But, it may be said, granted that the Provincial Government is to be acquitted of responsibility for such causes of increased expenditure as

earthquake, plague, malaria and river inundation, there are other causes more amenable to human control. Yes, my Lord, there are. But I venture to assert that the Provincial administration would have been guilty of a serious dereliction of duty had its attitude towards the more important of these other causes of expenditure been that which is advocated by the Finance Member. If I were asked to indicate by one word the dominant feature in the administrative situation past, present and future in the Punjab, I would answer 'Colonization.' Does Sir Guy Fleetwood Wilson desire us sharply to check this colonization and all the moral and material development which it implies? Is this conversion of the arid, waterless Doabs into a vast and spacious granary to be thwarted and postponed? Are the overflowing stocks of wheat and cotton to rot in the villages because there are no roads to carry them to the export markets? Is it possible to dump down in the wilderness a population of a couple of millions without providing any administrative machinery to look after them? These people like others cannot be left wholly uncontrolled. Police must be provided to protect them, and police establishment and buildings cannot be had for nothing. Judges and Magistrates are called for to settle their disputes, and courts and kacharis cost money. Teachers and schools for their children, medical officers and medicines, hospitals and dispensaries for their sick, are also needed, and some provision must be made for collecting the water-rates and revenue assessed on their lands. New treasuries, sub-treasuries and treasury establishments; new tahsils and tahsildars and tahsildari establishments; new land record agencies, kanungos and patwaris, must be provided. These are all a charge upon Provincial funds, and it is charges of this description that would confront the investigator who sought to discover the reasons for the insidious growth of expenditure in the Provincial Budget.

"But, it may be said, all this development must mean something for Government. What are new treasuries and sub-treasuries built for but the reception of treasure? Overflowing and abounding prosperity for the people must mean affluence in the Exchequer. True, my Lord, Government—the State, the general tax-payer, the public purse—is reaping a splendid harvest from these Punjab colonies; but the paradox of the position is this, that while the people and the public treasury share in the profits of this magnificent prosperity, the local administration, the Government of the Punjab, is being, I might almost say, impoverished by it. The Local Government bears all the expenditure; the Imperial Government takes nearly all the profit. Out of every rupee of assessment collected from the Chenab colonist Sir Fleetwood Wilson takes 15 annas and leaves only one anna to Sir Louis Dane.

"My Lord, that is not the only source in the Punjab of Sir Fleetwood Wilson's wealth. There has been some disappointment that the railway traffic returns of Indian railways have fallen short of the estimates, but how much greater would the shortage have been had not the North-Western Railway come to the rescue? The increase of about a crore and a half in the current year's takings on this line, which is more than half the year's increase in railway earnings for the whole of India, reflects the prosperity of the province from which that railway draws its income. That income, the gross traffic receipts of the North-Western Railway, although more than three times the land-revenue of the Punjab, does not contribute a single pice to meet the cost of the Provincial administration. So far from the North-Western Railway contributing to the cost of the local administration, its action has only the other day imposed upon Provincial funds a new recurring charge of over one lakh per annum in consequence of first and second class fares having been enhanced 50 per cent.

"And, my Lord, paradoxical as it may seem, the cost of the Provincial administration is in another respect prejudicially affected by the very prosperity which is so fruitful for the Imperial Exchequer. The unprecedentedly high prices which the Punjabi agriculturist is realizing for his produce coupled with an inexhaustible demand for labour has inevitably raised wages all round. Though the coolie, the menial and the artizan have to pay more for the daily ration of grain which represents the minimum of subsistence, yet the conditions of the labour market are

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such that they are able to meet the cost. When the coolie demands and obtains the necessary increment in his wage it is impossible for Government to withhold a similar increment from those ranks of its servants whose wages are little if anything above the rates received by coolies; and of course in the Public Works Department all expenditure is affected by the increased rates for labour. The Provincial Secretariat is at the present moment full of memorials from all classes of public servants praying for a revision of salaries on account of the increased cost of living, and though the justice of their cause is undeniable the Local Government can do nothing without an addition to its resources.

"Well, my Lord, the critics of the Punjab administration may rejoin to all this—granted that the causes which I have mentioned—calamities, colonization developments and rising prices—granted that these causes explain the increases in expenditure, it is nevertheless necessary to overhaul the expenditure schedules as a whole; they may have from the outset been framed on a scale indicative of extravagance. Now there is no absolute standard in this matter, and the only possible method of arriving at a just estimate of the cost of the Punjab administration is to compare it with that of other provinces, allowance of course being made for the difference in conditions. It happens that the new province of Eastern Bengal and Assam is in many respects comparable with the Punjab. Its area is practically the same. It consists of 26 districts as compared with 29 in the Punjab, and the system of administration—a Lieutenant-Governor, Board of Revenue (in the Punjab a Financial Commissioner). Commissioners and Collectors—is the same. The comparison is instructive. Taking the expenditure figures last available—those of the year 1908-1909—it will be found that the Secretariat of the Eastern Province costs 56 per cent. more, and although the Punjab land-revenue exceeds that of Eastern Bengal by 50 per cent. the Board of Revenue costs 25 per cent. more than in the Punjab. Commissioners cost 22 per cent. more in the Eastern Province and, although it has to pay nothing for a High Court, the charges for 'Courts of law' exceed by 20 per cent. the cost of the Judicial Establishment in the Punjab, which has to pay for a Chief Court of six Judges. Both in the number of officers and in their rates of pay the Punjab is more economical. For many years the Punjab has been the only one of the eight major provinces which has managed to carry on with two Secretaries in the Civil Department. Even the Chief Commissioner of the Central Provinces has three Secretaries. An application has now been made for a third officer, but, even then, the Secretaries, other than the Chief Secretary, will be receiving lower rates of pay than in any other Province, not excluding the Central Provinces. This inferiority in the scale of pay allowed to officers of the Civil Service in the Punjab, as compared, for instance, with Eastern Bengal, is found also in the ranks of the Commissioners and Judges. In the lower ranks of the Civil Service the disadvantages of the junior officers in the Punjab are still more marked, and I can testify to the existence of a very widespread discontent in consequence of the delay which has occurred in dealing with the representation made on their behalf two years ago.

"The general conclusion then derived from an examination of the charges for civil administration is that the Punjab is the most economically managed of the major Provinces in India. However, let us apply another test. If a Local Government is suspected of indulging in extravagance and if its critics desire to put their finger on the particular expenditure which they would hold up for exposure as evidencing financial profligacy, we all know where they will turn. The Public Works Department is the residuary legatee of Provincial finance. When the Provincial exchequer is full the Public Works Department is the chief beneficiary. When it is empty it is the principal sufferer. When the word goes forth for retrenchment it is the Civil Works budget that must yield up its allotments. Consequently there is no better test or index to the financial prosperity or adversity of a local administration than that which is afforded by its Civil Works budget. I would therefore invite special attention to the figures in the Financial Statement under the head '45.—Civil Works.' They are

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most significant. Taking the figures for the five years 1906-1907 to 1910-1911, the Punjab, with all its colonization developments, has spent less and has less to spend on Public Works than any other Provincial Government—between 11 and 12 per cent. less than the Central Provinces and 18 per cent. less than Eastern Bengal and Assam. The Council will remember that the Hon'ble Mr. Meston referred most sympathetically to the position of the Central Provinces and spoke of Public Works there having been starved owing to financial stringency. And yet the Public Works expenditure of the Central Provinces for the five years 1906—1911 exceeds by no less than 32 lakhs the amount which the Punjab has been able to afford for civil works during the same period. In these circumstances, as might have been expected, the margin available for new works, as distinguished from repairs and establishment, is in the Punjab markedly below that of other Provinces. I have available only the figures of 1908-1909. They are—United Provinces 19 lakhs; the year was one of famine in the Provinces of Agra and Oudh and expenditure was abnormally curtailed; Madras 28 lakhs; Central Provinces 33 lakhs; Burma 37 lakhs; Bengal 38 lakhs; Bombay 41 lakhs; and Eastern Bengal and Assam—the Benjamin of the Provinces—47 lakhs. And what was the Punjab able to spend? A beggarly 17 lakhs only.

"What, my Lord, is the remedy for this penury of the local administration? No remedy can be of any permanent value which is of the nature of temporary charitable relief. Doles or grants-in-aid are no doubt welcome, but when they carry with them obligations involving growing expenditure charges, without any corresponding provision on the revenue side, they tend to aggravate the conditions which produce the penury of which I have spoken. The financial settlement of 1905 was at the time a fair and reasonable one. What we assert is that its character has been very materially modified since then by the action of the Government of India. It has been materially modified by the allotment of fixed assignments instead of new sources of growing revenue to meet growing expenditure charges imposed by the Government of India; and in regard to the most important source of growing revenue there has been a recent retardation in the rate of growth which has falsified the expectations entertained in 1905 on the basis of previous experience. Such a retardation, we believe, would not have occurred under a régime such as that advocated by the Royal Decentralization Commission. That body has recommended a larger measure of autonomy for Local Governments, not merely in respect of expenditure, but also in matters affecting the revenue side of the Provincial balance sheet; and it is obviously only fair and reasonable that at a time when Local Governments are being told that, by hook or by crook, they have got to make both ends meet and pay their way,—it is only fail and reasonable that, when this responsibility is being enforced upon them, there should at the same time be some degree of emancipation from that centralised control in revenue matters which acts as a check upon the development of Provincial sources of income in directions suggested by local knowledge and experience. In matters connected with land-revenue settlements this centralization of control seems to be of comparatively modern origin. From paragraph 245 of the Decentralization Commission's Report it would appear that the present limitations have grown up only since 1880. During the past two or three years this tightening of control in the Punjab has become more intensified and the instances of intervention by the Government of India in settlement proceedings more numerous. This, I think, the Hon'ble the Revenue Member will not deny. A movement in the opposite direction, in the direction of relaxation of the control of the Government of India, is what is recommended by the Decentralization Commission. They have in fact definitely and deliberately advised that in settlement matters all the major Provinces should be on the same footing as Madras and Bombay; and the system in Madras and Bombay is described as 'practically a free hand in settlement and cognate matters.' Were the Royal Commission's recommendation carried into effect, a more hopeful financial future for the Punjab adminis-

tration would be assured, one more responsive to the progress of the Province, more commensurate with the prosperity of its agricultural classes.

"Now, my Lord, just a word about this prosperity. Its existence is attested not only by the reports of those who live and work among the people and who witness its actuality, but by statistics of all kinds—statistics of the value of surplus produce exported, statistics of the imports of bullion and treasure which in enormous quantities are being absorbed in the hoards of the people, and statistics of the phenomenal rise in the market-value of agricultural land and of all kinds of real property. But it must seem strange to the ears of members of this Council to hear mention of the word 'prosperity' in connection with the agricultural population of any portion of the country—strange because the Council must by this time have grown accustomed to the constant rancorous, I may almost say venomous, reiteration of that ancient threadbare claptrap regarding the growing poverty of the people, which in season and out of season is so regularly paraded, and which, whether the subject of debate be silver or sanitation, railways or epidemics, education or technology, seldom suffers exclusion from the speeches of the Hon'ble and learned Pandit from Allahabad. This disingenuous cant about the comparative poverty of the Indian population is egregiously overdone. If we appeal to our experience, we can, most of us, testify that in the United Kingdom, partly owing to the unequal distribution of wealth, and partly to the rigorous conditions of northern winters, there is among the slum dwellers and submerged element in the population far more real poverty, misery and destitution than there is in this tropical land, where nature makes the conditions of existence for the poor soft and easy, and where in the matter of food, housing and clothing the requirements for bodily comfort are easily satisfied and at a moderate cost. Moreover, the percentage of the population represented by the million or so of paupers permanently in receipt of poor law relief in the United Kingdom has never, in the Punjab at least, been equalled even at the worst times of famine.

"However, if in the investigation of the question of poverty in this country the Hon'ble Pandit Madan Mohan Malaviya wishes to make an excursion into the realm of truth, let him study the memoirs of the Venetian Manucci, the Court Physician of the Emperor Shah Alum, and having done so let him tell us what was the condition of the masses in general and of the agriculturists and revenue-payers in particular in the days of Native rule preceding our own. But if, with a high flying disregard of easily ascertainable facts, he persists in ignoring the enrichment of the people under the British administration and affronts the intelligence of this Council and taxes its patience by his harping in that wearisome refrain on the growing poverty of the people, which he seeks to associate with the failure of Government to spend on education, sanitation and the manufacture of examination-room technological experts the sums which he and his friends consider suitable, then I think that the conclusion is inevitable that my Hon'ble friend Malik Umar Hyat Khan was not so very far wide of the mark, at any rate as regards one member of this Council, when he said that the aim and object of the supporters of what he called 'fancy resolutions' are to exhibit Government in the light of an opponent and enemy of all measures designed for the advancement and well-being of the people.

"But this is a digression. I had reached the stage of showing that one remedy for the financial difficulties encountered by the Punjab Government is the decentralization in revenue and settlement matters recommended by the Royal Commission. The other remedy for the present situation also has the support of the Decentralization Commission. Though the Hon'ble the Finance Member has declared with much emphasis that the Government of India will admit of no revision of the settlement of 1905, yet I trust that he will not exclude from consideration the recommendation on pages 33 and 292 of the report issued last year regarding the substitution of growing revenues for fixed assignments in the Provincial settlements. The Punjab is specially referred to as a Province in which fixed assignments have reached abnormal limits. Moreover, in considering the extent to which Provincial finances have been

prejudiced during the term of the present settlement by the largeness of the fixed assignment element, we should add to the 58½ lakhs mentioned on page 292 of Vol. I of the Royal Commission's Report the 30¾ lakhs minimum guarantee for irrigation which up to the present and for years to come promises to be nothing but a fixed assignment; and this circumstance should be borne in mind in explanation of what I have said as to the distribution of Colony income. This question of fixed assignments *versus* shares of growing revenue is, I fear, too technical to interest the Council, but it is all important for Provincial finances. The Punjab Government has indicated to the Government of India what heads of revenue are suitable for provincialization. The United Provinces are, I understand, the only other administration which receives a share of the land-revenue less than one-half. Whatever other adjustments be made, I trust that in this respect the Punjab will be placed on a footing of equality with other Provinces, and I shall not be surprised if a similar claim is made on behalf of Sir J. Hewett's Government.

"In conclusion, my Lord, I would ask the Hon'ble the Finance Minister to remember that it is customary and in accordance with precedent to allow to the official representatives of the Provinces a certain amount of license and latitude in pleading for their Provinces in these budget debates, and I would remind him that the late Sir Alexander Mackenzie on one occasion likened the dealings of the Financial Department with the Provinces to that of the shearer who takes the Provincial lamb, throws it down, ruthlessly deprives it of its fleece, and turns it out to shiver in the cold. I have not used such exaggerated language, for I believe that the situation is not really so bad as all that, and that the Provincial lamb, like the victims of the taxes on silver, petroleum and tobacco, may claim a share of that sympathy, that 'blessed sympathy' of the Hon'ble the Finance Member, which, if costly, has on others been so freely bestowed?"

The Hon'ble MR. HOLMS said:—"To apportion the resources of a Province between the Imperial Government and the Local Government is probably one of the most difficult tasks which fall for a Finance Member; but it is an even more difficult—and perhaps an impossible—task to satisfy the representatives of a Province as to the fairness of that division. While I fully recognise this difficulty, and while I have noted the Hon'ble Member's pronouncement that he sees no prospect in the near future of being able to take on his shoulders a further share of the recurring expenditure of the Local Governments, still I have a few words to say about the finances of the United Provinces.

"The financial history of the United Provinces is well known, how in a somewhat distant past a probably excessive appreciation of the superior claims of the Imperial Government led to a mistaken economy and to the requirements of the Province being starved; how when financial settlements came at first to be made they were based on a comparatively inadequate standard of expenditure; and how of late years the Government of India have taken a wider and more liberal view of the situation, and, in the settlement which was arranged two years ago, they have made provision for a standard of expenditure more in accordance with the needs of the Province. This is all matter of common knowledge. The Hon'ble the Finance Member has expressed his confidence in the financial future of the Province. The words he used were 'The United Provinces with its new settlement and respite from famine will no doubt be able to avoid deficits in normal conditions and to build up a strong balance against contingencies.' I regret that the authorities of the Province do not find themselves altogether able to share this confidence. The Local Government is doing what it can to husband its resources, but there is little to be expected in the near future in the way of increase to the heads of revenue allotted to it from which to meet the growth of expenditure which is forced on us by the changed conditions in most branches of the administration.

"I do not wish to attempt to make an exhaustive, or anything approaching an exhaustive, catalogue of the needs of the Province. In many respects

they are similar to the needs of the Punjab which the Hon'ble Member who has just spoken has detailed at some length: but I may take a few examples only, which are illustrative of many other needs. The main judicial divisions of the Province were fixed over fifty years ago and a large increase to the courts of law is contemplated. Again, an enquiry has been set on foot regarding the adequacy of the pay of clerical establishments—pay which was fixed at a time when the cost of living was much lower than at present—and there is bound to be considerable increase of expenditure under this head. As a further instance I need only mention the needs of the Province in the matter of education—a topic which I mentioned in Council this time last year. The net expenditure per head of the population in the United Provinces budgeted for in the coming year is lower than the similar figure for any other Province in India, and this is a significant indication of how far the resources left to the Province fall short of satisfying the wants of the people in this respect.

"In these circumstances the anticipated normal growth of revenue is likely to prove unequal to meeting the almost inevitable growth of what is practically unavoidable expenditure; and, in view of this consideration and of the very large proportion of the revenue raised in the Province which goes to the Imperial Government, the Local Government may find itself constrained at no very distant date to ask for a reconsideration of the position, and especially that its share in the land-revenue receipts may be brought up to the level of that enjoyed by other Provinces.

"The Hon'ble the Member for the Punjab has referred to the large grants which have been made by the Imperial Government to the Government of the United Provinces. These grants were made on account of famine, which is outside the ordinary Provincial finances; and in considering the amount of these grants it should be noted that, at the time the last settlement was concluded, the Provinces received no initial grant at all, which is the usual accompaniment of new settlements.

"There is one minor matter which I would mention. In the memorandum which accompanies the Imperial Financial Statement the decrease in the revenue estimate for the current year under 'Medical' in the United Provinces is attributed to heavy lapses in the special subvention made from Imperial revenues for the improvement of sanitation. The latest information that has reached me is that it is expected that the whole amount of this subvention would be spent in full during the current year and that the shortage under the revised estimate is due to less being spent on plague, and this is fortunately due to plague being less prevalent in the current year.

"In conclusion I am to express regret that the Government of India find themselves unable to find money to complete the reorganization of the Police in the Province and to find money for the relief of rural tonws from the cost of their police."

The Hon'ble SIR VITHALDAS D. THACKERSEY said:—"My Lord, the Hon'ble the Finance Member explained in his Budget statement the circumstances that compelled him to levy additional taxation. He told us that, notwithstanding the highly favourable prospects with which the year opens, he could not expect a surplus without the help of additional taxation, because of the reduction in our exports of opium to China and the abandonment to Eastern Bengal and Assam of a larger share of land-revenue than it has hitherto retained. My Lord, it has already been urged in this Council that the revenue from opium has been greatly under-estimated; and this criticism has been amply justified by the further extraordinary rise in the price of opium during the last few weeks. The larger receipts from opium and the increase that may be expected in the receipts from railways owing to the excellent crop and the consequent heavy traffic, would be in my opinion amply sufficient to carry through the next year without any extra taxation. My Hon'ble friend Mr. Gokhale pointed out the other day that it was extremely unusual for Government to levy additional taxation in a normal year. It is therefore a matter of

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regret that the Hon'ble Finance Member has not seen his way to make his arrangements without resort to additional taxation even after the practically unanimous opposition of the non-official members. Assuming the official estimate to be correct, it strikes me nevertheless that the decrease in the opium revenue cannot be given as the cause of the additional taxation. The policy of reducing our opium exports is three years old, and at the time of its inception our late Finance Member, His Honour Sir Edward Baker, explained that Government would be able to meet the loss on that account from the normal growth of revenue. As a matter of fact, my Lord, the opium revenue during these three years has belied the estimates. In 1907-08 the receipts exceeded the estimates by £371,800; in 1908-09 by £1,041,300; and in the current year, again, we have had an excess of £1,000,000 over the estimates. That is to say, in the three years, opium has given us about 2½ million pounds more than it was estimated to yield. Probably it may give us another million in the next year or it may not. In any case, it seems to me that the reasons for saddling opium with the responsibility of the additional taxation in the budget are not very cogent.

"My Lord, in this connection I request Government to tell the Council in distinct terms what their future policy in regard to opium is going to be. The three years during which China was to have the opportunity of proving her ability to prosecute her anti-opium policy has expired. The Finance Member told the Council last year that the question of the curtailment of cultivation and production of opium in China was under enquiry by the International Commission at Shanghai. He devoted a paragraph to the conclusions of the Commission in his Financial Statement this year, but I have looked in vain through it for a definite statement as to whether China has carried out her part of the agreement to the satisfaction of Government. Of course, the announcement of a programme of reduction for another three years carries with it the inference that Government are satisfied with the progress made by China; but I think the Council would like to have a clear statement especially in view of a recent interpellation in the House of Commons.

"My Lord, I now come to the increased grant to Eastern Bengal and Assam. If the grant proposed was due to exceptional causes and was non-recurring, there would be no great objection to it. But this is not the case. The new Province is to be credited with a much larger share of its land-revenue than has been hitherto found sufficient, and to meet the deficiency caused thereby in the Imperial revenue the whole country is taxed. My Lord, when the people of other Provinces are sought to be burdened with extra taxation on account of the partition of Bengal, it must be admitted that they have a good cause for complaint. If it is the intention of Government not to modify the partition so as to make the new Province self-supporting, I am afraid they have not adopted the best method of convincing the country of the wisdom of the existing arrangement The justice of finding money for the administration of Eastern Bengal by taxing an important industry in the Bombay Presidency is far from obvious to those who have to bear the larger share of the burden.

"My Lord, from what I have said above, it follows that the new taxes are not rightly attributed either to opium or Eastern Bengal. They are really due to the extra expenditure under Interest, Post and Telegraphs, Salaries and Expenses of Civil Departments, Ordinary Civil Works and Military Services that have been budgeted for in the coming year. I do not doubt, my Lord, that all this increase is necessary and that if they are taken item by item the departments concerned can easily show that every one of the items of increase is absolutely necessary to the efficiency of administration. But at the same time we must all recognise that India is a poor country and that any increase in the cost of administration should therefore be well within the normal growth of revenue. I beg, my Lord, to associate myself with the observation of the Hon'ble Finance Member that he viewed with great anxiety the steady growth of our expenditure. The secret of good government is economical government. Economy in administration leads to the contentment and prosperity of the people and to the stability of government.

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I earnestly hope that the Government of India will seriously consider and realise the danger of allowing expenditure to grow as it has been growing of late years.

"My Lord, I beg the indulgence of the Council for a few observations which I desire to make with reference to the part of the Financial Statement relating to Provincial finance. The Hon'ble Finance Member, I think, rather rebuked Provincial Governments for their extravagance. The Government of India, he said, were driven to the conclusion that the Provinces in the aggregate were steadily over-spending their income by about half-a-million a year. I think, my Lord, the Hon'ble the Finance Member was particularly hard on Bombay, where, he said, our cash balances were being somewhat rapidly diminished, and he warned us that care would have to be exercised to prevent the scale of recurring expenditure from settling into permanent excess over the normal revenues. He observed :—'It will be the duty, disagreeable and unpopular, but inevitable, of the Local Governments to overhaul their expenditure and to adapt it to their normal resources.' He concluded this important portion of his statement with some noteworthy remarks : 'I can hold out no hope,' said the Hon'ble Member, 'of any general revision of these arrangements (Provincial Settlements). They were made, before I came to India, with scrupulous care, and were intended to foster provincial independence, economy and foresight. Nor do I see any near prospect of our being able to undertake a further share of the recurring expenditure of Local Governments. Our own necessities will not improbably force systematic retrenchment upon us, which will affect Imperial and Provincial services alike ; and in the meantime Local Governments can best co-operate with us, and thus mitigate future difficulties, by examining the causes of the insidious growth of expenditure, and sharply checking them.'

"My Lord, speaking at the last meeting of the Bombay Legislative Council, the Revenue Member, the Hon'ble Sir John Muir-Mackenzie, gave expression to some very weighty remarks which I think state the case from the point of view of Provincial Governments with great force and clearness. While Sir John thought that there was no reason to fear that the Bombay Government in any way exceeded the bounds of prudence, he pointed out that the growth of expenditure had been very rapid and that even with a continuance of normal seasons the Provincial Government could not expect to increase their expenditure at the same rate as they had been doing in the last few years. 'On the other hand,' he continued, 'the urgent demands for expenditure will not cease. There is practically no limit to them. To mention a few of our immediate needs, we urgently require funds to improve the pay and organisation of our subordinate establishments in both the Revenue and Judicial Departments. There is heavy expenditure still required to bring our Police up to a full level of efficiency. Large sums are required for Education. The demands even for primary education which come first are far from being satisfied. Expenditure ought to be increased still more in the Medical, Agricultural and Veterinary Departments. All departments are clamouring for their share of the grant for public works which ought not, if we can help it, to be curtailed.' He went on to suggest that the only alternative to the retardation of the progress of the Province by the undue curtailment of expenditure was the investment of the Provincial Council with the requisite power to impose the taxation required to meet the needs of the Province.

"My Lord, I am unable to detect in the words of the Hon'ble the Finance Member any confirmation of the earnest hope with which Sir John Muir-Mackenzie looked forward to the widening of the financial powers of Provincial Councils. The prospect of Provincial Governments having abruptly to lay aside their plans of development is not a pleasing one. The largest proportion of Provincial expenditure, indeed I may say the whole of Provincial expenditure, is devoted to the immediate wants and requirements of the community. As such, it may be said to be entirely productive expenditure, while Imperial expenditure, though it is not less important, is less direct in the

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benefits that it confers on the people. Any curtailment of Provincial expenditure will therefore re-act more rapidly on the well-being and, consequently, on the peace and contentment of the people than a similar reduction in Imperial expenditure. My Lord, I think there is greater room for some reduction in the Imperial expenditure which amounts to over 75 crores than a further restriction of the Provincial expenditure which amounts to only 37 crores for all the Provinces combined.

"My Lord, the Hon'ble Finance Member opened his very lucid and interesting Financial Statement last month, with an account of the procedure to be adopted for the discussion of the financial proposals of Government. He pointed out that ample opportunity would be afforded for a genuine scrutiny of the estimates by the Council and for a criticism which was based on precise facts. 'We believe,' he added,' that the result will be helpful to the Government and will foster the growth of an informed public opinion upon the vital problems of our public finance.'

"My Lord, I am sorry to say that the experience of the debates on the present financial proposals of Government has not tended to confirm these generous hopes. Weighty and well-considered proposals were brought forward with the object of amending the Government proposals and were argued before the Council by Members having the advantage of possessing first hand information on the subjects on which they spoke. I venture to think that their arguments made considerable impression on not only the non-official but also the official Members of the Council, but all the same their resolutions were one and all rejected by Government. I need hardly point out to Government that this has produced a feeling of great disappointment in the country.

"I fully recognise that it is not altogether in the hands of Government to modify their proposals in response to the criticisms that may be passed on them in this Council; and I am also sure that the Government of India will give the fullest consideration to such criticism in their proposals in subsequent years. But, my Lord, it is not always possible to put off the mischief that may be done by any measure for twelve months, and it is, therefore, most desirable that the Government of India should be given some larger degree of freedom in regard to the measures they bring forward before the Council.

"My Lord, we all admit that the financial requirements of the Government must be provided from the resources of the country. We do not want them to be borne by Great Britain. We are prepared to bear our burdens and, my Lord, all that we ask, is that the country should be allowed greater freedom in choosing the methods of raising revenue. I am unable to see, my Lord, how it will be injurious to the interests of Government if this Council is allowed a more real share as regards what articles shall be taxed and what duties shall be raised. Indeed, I believe that not only will not Government interests suffer in any way, but on the other hand their prestige and popularity will be greatly enhanced and the recent reforms will have the stamp of greater reality if, instead of seeming to dictate to the people what taxes they shall pay, they showed greater consideration to the wishes of the people as to the way in which taxation should be distributed. My Lord, I need not remind the Council that there is an impression abroad that in deciding most important questions of the economic and financial policy the Government of India are obliged to be guided by political exigencies. It cannot be denied that the excise-duty on Indian-made piece-goods, which is without a parallel in any country in the world, was levied and is continued to satisfy the Lancashire manufacturers. Even as regards the taxation of the ensuing year it is generally believed that if the Government of India had a freer hand they would have preferred the raising of the general tariff or a duty on sugar, which would have been less objectionable instead of levying the proposed enhanced duties in the teeth of practically unanimous opposition of the non-official members of this Council and the public generally. Again, it is generally believed that the proposed factory legislation to restrict the working hours of the adult male, in spite of the recommendations of the Factory Commission to the contrary, is not solely due to a consideration of the interests of Indian labourers. The country

must recognise and is deeply grateful for the strenuous stand the Government of India have often made against any measures which they consider either unpopular or to the detriment of Indian industries. My Lord, I can think of no more effective way of dissipating these and similar impressions, which are injurious to the prestige of the Government of India and to the contentment of the people, than to take the public more fully into confidence and to show greater regard to their wishes and preferences. My Lord, the discontent that is likely to prove really serious is not the discontent of political theorists but the discontent which arises from ill-devised taxation. The bulk of the people are not affected by theoretical considerations as to what is or what is not the best form of government so long as they feel that their material interests are not liable to be sacrificed at the instance of outside influences without regard to their interests and feelings. My Lord, I appeal to Your Lordship and to Lord Morley to crown your great work for India by removing this serious cause of irritation, and by ensuring, for the opinions and sentiments of the Indian people, an adequate and effectual voice in the management of their finances.

"My Lord, as this will probably be the last occasion of Your Excellency's presence at the principal session of this Council, I may be permitted to express the general feeling of regret at the early prospect of Your Lordship's completing your term of Indian Viceroyalty. My Lord, it is the greatest tribute to the high sense of justice and statesmanship that Your Lordship has brought to the duties of your exalted office that notwithstanding what we all regretfully recognise has been a record period of repressive legislation, throughout the length and breadth of the country, among all classes and creeds, Your Lordship's name is held in the highest respect and gratitude along with the names of your illustrious predecessors Canning and Ripon. The large and far-reaching reforms which Your Lordship has brought about, undeterred by anarchist developments and reactionary counsels, will long be remembered among the most beneficent achievements of British statesmanship. My Lord, I am sure that Your Lordship's interest in this great country will not pass away, and I humbly hope that from your high place in the counsels of Parliament and of His Majesty you will long continue to exert your kindly influence for the welfare and prosperity of India."

The Hon'ble MR. GOKHALE said :—"My Lord, when the Tariff Bill was under discussion in this Council last month I took the opportunity to offer some general criticism on the Financial Statement which had then been laid before us by my Hon'ble friend the Finance Minister. In the course of that criticism I had ventured to observe that in my opinion the estimates of revenue were under certain heads under-estimates. In reply to that my Hon'ble friend Mr. Meston told us that it was not usual for any one in this Council to question the accuracy of the figures supplied by the Finance Department. My Lord, I confess I was surprised to hear that statement. My Hon'ble friend will pardon me if I say that my experience of this Council is much longer than his, and it is not only not correct to say that it is unusual to question the accuracy of these figures, but I should go further and say that the reverse of that statement will be the correct one. It is true that during the last four or five years no occasion has arisen to question the accuracy of the figures supplied by the Finance Department, but if my Hon'ble friend will turn to the debates of this Council between 1902 and 1905, he will find that every year a complaint was made that the estimates of revenue were under-estimates. During the time of Sir Edward Law no answer was received to this complaint, but in 1905, when His Honour Sir Edward Baker became Finance Minister, he took notice of it and admitted its substantial correctness. If the Hon'ble Member will turn to the Financial Statement of 1905-1906 he will find there a paragraph called 'Comparison of Estimates with Actuals,' in which Sir Edward Baker observes as follows :—

"'It is sometimes made a reproach against Government that their estimates of revenue and expenditure are wanting in accuracy, and that the actual results, when made up at the end of the year, are apt to differ somewhat widely from those forecasted in the budget at its beginning. Latterly this charge has taken the form of a suggestion that we habitually under-estimate our revenue and over-estimate our expenditure.'

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"Then, after comparing the practice of England and several of the continental countries, Sir Edward Baker goes on to admit that there was much in that charge that was true. He naturally says all that he can in favour of the old practice, and then proceeds:—

'I would not, however, be understood to contend that the criticisms to which I have referred are wholly without justification. That would be an over-statement of the case. Even when allowance is made for the disturbing elements to which allusion has been made above, the figures in the statement in paragraph 52 show that during the last three years the revenue has exceeded the estimate by more than these causes fairly explain. This feature probably has its origin in the former uncertainty of sterling exchange. So long as all growth of revenue and the fruits of all retrenchment were liable to be swallowed up by a fall in exchange, it was common prudence to frame the estimates in the most cautious manner, and to take no credit for developments of revenue until they were absolutely assured. When this factor was eliminated, the traditions of excessive caution remained, and due allowance was not always made in the estimates for the normal expansion of the growing heads of revenue.'

"Here then is an admission by a former Finance Minister that for a number of years it was the habitual practice of the Finance Department to under-estimate revenue owing to causes which have been explained by him. My Lord, this is in reality a small matter; but the statement made by the Hon'ble Mr. Meston, if allowed to remain uncontradicted, might cause serious inconvenience hereafter, because objection might again be taken to any suggestion as to under-estimates or over-estimates. I believe my Hon'ble friend mistook what is a rule for the new Council for the practice of this Council in the past. There is undoubtedly a rule among the new rules that in framing resolutions that a Member wants to move, the accuracy of the figures supplied by the Finance Department shall not be questioned. That applies, however, only to resolutions and not to any general criticism of the financial estimates that may be offered.

"My Lord, this year's budget has come upon us all as an unpleasant surprise. The feeling is like that of a person who is walking securely on the ground and all of a sudden discovers a yawning gulf before him. After a great number of years—after ten years—of consecutive surpluses we first came to a year of a heavy deficit, due, as we then understood, to famine. Then there was what appeared to be a normal year, and we have now another normal year in which, however, extra taxation has been imposed on the people. This circumstance, namely, the levying of extra taxation in a normal year, suggests that something is wrong with the financial position of the country, and in any case it suggests an inquiry. I have given some attention to this question and I find that the results are such as to cause apprehension. My Lord, for a correct understanding of this question it is necessary to pass under brief review the finances of the ten years from 1898 to 1908, because our series of surpluses began with the year 1898. From that year we had ten consecutive surpluses ending with the year 1908. Let us therefore see what were the special features of the financial position during that time and what use was made of the prosperous finances of those years by the Government. It will be found that there were four distinctive features of this period. The first was that there was a large saving in the cost of the home remittances of the Government owing to exchange having established itself at a steady rate of 1*s.* 4*d.* to the rupee in the year 1898. The second was an improvement in the opium revenue, which before 1898 had been steadily falling for a number of years. The third was the expansion, the more than average expansion, of the ordinary revenues of the country. And the fourth was an improvement in the railway revenues of the Government. These four causes combined to give the Government large surpluses, and the Government utilized the position in the first place to remit a certain amount of taxation and then to sanction a large amount of increased expenditure in various directions.

"I would respectfully invite the Council to consider this matter carefully. It has been said by some critics that the present difficulties of Government have arisen from the fact that during those fat years Government remitted taxation

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which should not have been remitted. Now, my Lord, I must protest strongly against this view. If the Council will look at the amount of taxation remitted during those ten years, it will find that the total of remissions came to about four millions sterling or six crores of rupees. But owing to the artificial rise in the rupee the savings of the Government on their home remittances also had come to about five and a half crores of rupees. What had happened was this. The Government had gone on adding tax after tax in the period preceding the year 1898, so as to secure a balance between revenue and expenditure and even a surplus, no matter what the level of exchange was, and thus even when exchange was at its lowest, as it was in the year 1894, namely, at 13*d.* to the rupee, the Government were able to show not only an equilibrium between revenue and expenditure but also a small margin as surplus. As the exchange value of the rupee steadily went up, the level of taxation remaining the same, it meant a steadily increasing surplus at the disposal of the Government. By the year 1898 exchange established itself firmly in the vicinity of 16*d.* to the rupee. Now a rise of 3*d.* in the value of the rupee meant a saving of 5½ crores in the cost of home remittances. Therefore, when the Government of India remitted taxation to the amount of 6 crores, they practically gave back to the tax-payers only what they had saved on their home remittances. The remissions were thus not taken out of their ordinary revenue : they merely represented the savings effected in the cost of the home remittances. We may, therefore, put aside these two items, namely, the savings on the home remittances and the amount of remissions granted to the people during the period we are considering. So much for remissions of taxation. Let us now consider the amount of increased expenditure sanctioned in different directions. My Lord, the first six years of this period were a period of 'efficiency' or, as one of my friends has said, efficiency with a capital 'E'. The result was that expenditure was pushed up by leaps and bounds in various directions. A comparison of the expenditure for 1908-09 for which complete figures are available with the year 1898-99 will reveal certain startling results. It will be found, for instance, that the civil expenditure of the country grew during this period by about 16 crores, including in such expenditure the charges of collection, the salaries and expenses of civil departments, miscellaneous civil charges and civil works. I may mention that from the charges of collection I omit for obvious reasons opium and provincial rates as also refunds and drawbacks and compensations and assignments. The figures for 1908-09, however, include the expenditure for Berar, whereas those for 1898-99 do not. It is necessary, therefore, to exclude Berar figures from the year 1908-09. Even then we find that the increase in civil expenditure comes to about 15 crores, the expenditure having risen from about 29 crores to over 44 crores. My Lord, I venture to think that this is an amazing increase. If the Council will compare this increase with the growth of expenditure during the previous ten years as also with the five years 1881 to 1886, the contrast will appear most striking. The Council may remember that in 1886 Lord Dufferin's Government found itself in a position somewhat similar to that which the Government of India occupy today. From 1881 to 1885 the country had enjoyed what may be called financial prosperity. There was remission of taxation in consequence and also increased expenditure, and the result was that when lean years came in 1886 and the frontier policy of the Government necessitated heavy additional military expenditure, Lord Dufferin found himself driven to appoint a committee to carefully inquire into the growth of expenditure; and one of the reasons adduced for the appointment of that committee was that the increase in civil expenditure had been excessive during the five years which had preceded His Lordship's administration. Now the increase in civil expenditure during those five years had been only about 2¼ crores, the expenditure rising from about 22 crores to about 24¼ crores. And yet this increase was regarded by Lord Dufferin as excessive. Judging by that standard, I wonder, my Lord, what we are to think of the increase of 15 crores in the ten years from 1898 to 1908! Again, taking the period 1883—1898, what do

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we find? I do not wish to take the Council through a mass of figures, but I will only state the results of my calculations, giving this assurance to the Council, that I have taken every care I could to compare likes with likes only. Taking the period of ten years immediately preceding 1898, we find that the increase in civil expenditure was from about 24½ crores to about 29¼ crores, or about five crores in ten years, against 15 crores in the ten years following 1898. We thus have the following results: if the increase during 1898 to 1908 had been at the same rate as during the five years 1881—1886, when in Lord Dufferin's opinion the civil expenditure had grown enormously, it should not have been more than 4½ crores! Had the rate continued to be what it had been during the ten years preceding 1898, the increase would not have been more than about 5 crores! But instead of these figures, we have here an increase of no less than 15 crores! This shows what the era of surpluses has done to push up civil expenditure! Turning next to military charges during this period, we find the same kind of growth. From 1888 to 1898 the military charges grew by about 3 crores a year or from 22¾ crores to 25¾ crores, but from 1898 to 1908 they rose by about 5¼ crores a year, that is, from 25¾ crores to about 31 crores. The whole position therefore is this, that during the ten years 1898 to 1908, while six crores were remitted in taxation, the annual civil expenditure was allowed to grow by 15 crores and about 5 crores of additional expenditure was incurred every year in connection with the army; this gives an increase of about 20 crores in civil and military expenditure in the course of ten years, or an average growth of 2 crores a year. My Lord, every one must admit that this is a phenomenal increase considering that the normal growth of revenue ordinarily has been estimated by a previous Finance Minister at only about one crore and twenty lakhs. I think these figures suggest—to my mind they imperatively suggest—the necessity for an inquiry into the growth of civil and military expenditure during the last ten years. This need of inquiry is all the greater because there is a serious situation in front of us now in connection with the opium revenue. We all know that the opium revenue is doomed, that it will be extinguished altogether, if things go on at the present rate, in the year 1917, *i.e.*, in about seven years from now. In this connection I must express my dissent from my Hon'ble friend Mr. Chitnavis, who has urged that we should ask the Imperial Government to make a contribution to the Indian Exchequer in order to compensate us for the loss of opium revenue. My Lord, I do not think that it will be a dignified course on our part to ask for such a contribution. It is we who have financially benefited in the past by this opium revenue, and it is we who must be prepared to bear this loss when the opium revenue is extinguished, seeing that the stain that will then be wiped away will be wiped away from us. We must face the situation ourselves, and I think, if only the Government will be sufficiently careful, it is possible to do, and even do well, with a diminishing opium revenue. But one thing it is now absolutely necessary to do in connection with this opium revenue, and that is that from next year Government should take into account only a steadily diminishing figure as opium revenue for recurring purposes. What I mean is this—the whole of this revenue, which for next year is taken at about 5½ crores nett, has to be extinguished in seven years. The Finance Department should therefore take as ordinary revenue only a descending series of figures terminating in zero in seven years for each succeeding year, and all excess over that figure should be treated as a windfall or extraordinary revenue to be devoted to extraordinary purposes such as non-recurring expenditure on education, sanitation, and so forth. My Lord, I submit this course should have been adopted three years ago, so that the burden of a diminishing revenue should have been evenly distributed and the great need of retrenchment realized in time. I trust the Council will remember that when His Honour Sir Edward Baker enunciated the new opium policy of the Government of India three years ago, he assured the Council that the sacrifice could be made without a resort to extra taxation. That meant that the steadily widening gap made by a diminution in opium revenue would be met by economies, unless the growth of revenue under other heads sufficed for the purpose. And yet here we

have my Hon'ble friend the Finance Minister coming to the Council in a normal year with proposals for additional taxation on the ground of a diminishing opium revenue! My Lord, recent discussions have made it abundantly clear that the course I am urging is necessary, if a policy of steady retrenchment is to be followed and a sudden financial crisis to be averted. What is happening at present is this: owing to the reduction in the number of chests the price per chest is rising. Probably this will go on for some time, and we may even reach four thousand rupees per chest. So for some time the rise in prices will make up, and perhaps even more than make up, for the reduction in the number of chests, with the result that during the next two or three years the Government may not necessarily get a smaller amount as their opium revenue than at present; but when the maximum price is reached, then there will be a sudden and precipitate drop, and in the course of three or four years following the Government will have to be prepared to face the extinction of the whole of this revenue of about 5½ crores. And it is easy to foresee what will then happen. If all of a sudden, say, 2 crores were to be lost in any particular year, I am quite sure that the Finance Minister will again urge the same plea that he has urged this year, that it is not possible to arrange for economies sufficient to cover such a loss all at once. And then fresh taxation will again be imposed upon the people as was done this year. Unless, therefore, Government take credit only for a steadily diminishing opium revenue and arrange to keep all excess above that figure as a windfall or extraordinary revenue to be devoted to non-recurring expenditure, I am quite sure they will not feel the same incentive to retrenchment, and the results will be deplorable.

"My Lord, I have urged an early, I would even say an immediate, inquiry into the growth of expenditure on two grounds,—first, because there has been this vast growth in civil and military expenditure, and secondly, because the opium revenue is to disappear in seven years. I think the Government has no choice now but to pursue a policy of rigorous retrenchment, and for that a necessary preliminary is an inquiry such as I have suggested. But while the present high scale of charges on both civil and military administration require to be cut down, an increase, and even a large increase, of expenditure is necessary on objects intimately connected with the real well-being of the people—such as primary and technical education, sanitation and relief of agricultural indebtedness. And if retrenchment will not produce the money required for these objects, I for one shall not shrink from advocating additional taxation for the purpose. Only the resources of retrenchment must first be exhausted, before those of additional taxation are drawn upon. My Lord, we feel strongly that the present expenditure on the objects I have mentioned is most inadequate, and unless the Government are prepared to spend far larger sums in these directions, the discontent which we see on all sides at present will not in reality diminish. This question is to us a question of the most vital importance, and it is only in the measure in which the Government deal with it that they will have identified themselves with our best interests."

The Hon'ble MR. ANDREW said:—"My Lord, I have to express the gratification of the Madras Government at the receipt of the Secretary of State's sanction to the scheme for the reconstitution of district and divisional charges, and at the promise made by the Government of India to finance it, and I am glad to thank the Hon'ble Sir Guy Fleetwood Wilson for having made a provision of two lakhs of rupees for this purpose in the Budget for the coming year.

"But, my Lord, there is another matter at which I must express regret. The recent abolition of the post of Consulting Engineer for Railways, which in the case of Madras had been united with that of Secretary to Government in the Railway Branch, had the effect of severing the connection of the Madras Government with the direct control of railways in the Presidency. In response, however, to the representations of the Madras Government, the Government of India with the approval of the Secretary of State decided that as a temporary measure, for two years, the Government Inspector then appointed should also be at the disposal of the Madras Government as Railway Secretary. This period has expired. The

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Government of Madras feel the need for technical advice close at hand and they apprehend that by being deprived of their Secretary in the Railway Department they will be unable to preserve their legitimate influence in railway matters or to safeguard the interests of the people. I regret that the Secretary of State has not complied with the representations of the Madras Government that the temporary arrangements under which the Government Inspector was also Railway Secretary might be made permanent.

"My Lord, last year I referred to the difficulty experienced by District Boards in Madras in obtaining satisfactory terms for the construction and working of certain projected lines from the South Indian Railway Company, and I ventured to press for early and satisfactory settlement of terms. I mentioned one proposed railway about which negotiations had been proceeding for nearly three years. I regret to say, my Lord, that satisfactory progress has not been made since in respect of this and other railway projects. I hope, my Lord, that it may be possible now to obtain satisfactory terms from the South Indian Railway. Many District Boards in the Madras Presidency have of late years at the instance and with the encouragement of the Imperial and Local Governments raised large sums by local taxation with which to build railways, and they are able to spend but little of this money, which has already accumulated to over 50 lakhs, owing to the difficulty they experience in obtaining reasonable terms from the South Indian Railway Company. I have long been connected with District Boards and I know well how keenly interested some of them are in this matter, and one of them—Tanjore—won the warm appreciation of Lord Curzon for setting the example of local railway enterprise to all India. It will be most discouraging if district boards fail in their efforts to secure satisfactory terms from the South Indian Railway Company. Should they fail they will be forced, I have no doubt, to the conviction that they will best serve their own interests by constructing and working their own lines departmentally or through some agency other than that of the South Indian Railway. Should this happen the consequences to that Company may be very serious when it finds itself confronted by local lines affecting its own system and that, not always perhaps, in an advantageous manner.

"My Lord, a few weeks ago the Hon'ble Mr. Robertson, in reply to a question put by an Hon'ble Member, stated that the Government of India have suggested to the Secretary of State the inclusion of certain provisions in the new contract with the object of ensuring suitable terms for Madras District Board railways. I hope, my Lord, that the South Indian Railway Company will see the wisdom of agreeing to such terms as may be consistent with the interests of the District Boards and of the people whom they represent.

"Lastly, my Lord, I would urge the need for legislation to check the growth of fraudulent Provident Societies. By this I do not refer of course to Insurance Companies properly so called to which my Hon'ble friend Mr. Padabhoy referred in the question he put an hour ago and of which the Hon'ble Mr. Robertson spoke in his reply. I rather refer to those provident societies which have been unhappily very common in the Madras Presidency for many years past, and which are either organised swindles from the outset or, at best, lotteries of a most reprehensible character. Even when not worked with actual dishonesty by the Directors from the beginning, they are worked on such unsound principles that they are bound to collapse after a few years, and each collapse involves the ruin of numbers of poor and ignorant people who have been deluded by the promises held out.

"I see that my Hon'ble friend Mr. Subba Rao has in front of him an interesting pamphlet on the subject by Mr. Ramchandra Rao in which an account is given of the history of some of these societies in the Northern Sircars. The rules are all much the same. They are founded on a society founded in Calcutta some years ago which ended in the prosecution of the leading members and in the conviction of certain of them. The Hon'ble Mr. Robertson, in reply to Mr. Subha Rao this morning, referred to a discussion that took place about ten

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years ago when it was decided that legislation was not needed. My Lord, I do not intend to speak of what Provident Societies may have done in other parts of India, but I can say that in the Madras Presidency the evils have assumed gigantic proportions and I think the time has come for legislation. It may be that legislation is not necessary all at once over all India, but I think legislation should be undertaken by this Council, and in any Act that might be passed power could be left to the Government of India to apply it from time to time to such parts of India as might seem expedient.

"My Lord, I will not take up the time of the Council by going into details of the nature of the frauds committed by these societies, but I may say that it has over and over again led to prosecutions for perjury and forgery and even murders in many Courts. The Hon'ble Mr. Subba Rao, in his question, alluded to a recent judgment of the High Court in Madras. I may be permitted to refer to a judgment of the Sessions Judge of Vizagapatam a few years ago. The Judge's remarks are of very general application. In that case a man who had taken out policies in the names of a number of old men and women was tried and convicted of the murder of an old woman whose life he had insured, and whom he had made away with in order to obtain the bonus payable on death. Here perhaps I may say that one of the great evils of these societies is that the same conditions apply to every policy-holder, irrespective of age or state of health. Although the rules lay great stress on the fact that the applicant should be a person of sound health, he is not obliged to produce either a certificate of health or to undergo medical examination, and the rules are such that in almost every society it is to the pecuniary interest of a knavish nominee to get as his policy-holder an old person who is likely to live for not less than four months after he takes out his policy by which time he will have fully qualified, and to see that the policy-holder dies as soon as possible after four months. In his judgment the Judge observed—

'This crime was largely the result of the temptation to gamble upon the lives of the old and feeble thrown in the accused's way .... These so-called Insurance Companies constitute a grave danger to the public .. .. It is probably not too much to say that hundreds of old men and women are now moving about in the district in the midst of people who desire their early death ..... themselves being ignorant of this, have no idea who to beware of.'

"My Lord, it has been suggested that the Indian Companies Act of 1882 should be amended so as to cover the case of these fraudulent provident societies, but I do not imagine that that would be at all possible, and this, I gather from his reply, is the opinion of the Hon'ble Mr. Robertson himself, for ordinarily Insurance Companies properly so called are meant for educated and intelligent people who should be allowed full freedom of contract. But these Societies almost invariably deal with the poorest and most ignorant classes of the people who, not having received the benefits of free primary education, are misled by the promises held out, and constantly fall a prey to the frauds practised."

The Hon'ble MR. N. SUBBA RAO said :—"My Lord, I may at the outset congratulate the Hon'ble the Finance Member on the lucid and straightforward budget he has presented to the Council. This is the first year when after a succession of surpluses we are confronted with a deficit. It is well that our financial position calls upon us to examine our resources and expenditure, for when our coffers are overflowing we are tempted to be generous and feel no necessity to be watchful. The Hon'ble the Finance Member disarms all criticism by his candour in pointing to the steady growth in our expenditure and in urging that the scale of public expenditure should be revised. One of the salient features in the budget is the rapid increase under civil and military charges. This increase has been going on steadily, though under rules and regulations duly considered and sanctioned from time to time, and unless a careful enquiry is instituted under different heads, it is not possible to reduce the scale of expenditure. I cannot pretend to deal with the whole question within the short time at my disposal, and I shall take up only the question of expenditure relating to the general adminis-

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tration, especially the Indian and Provincial Civil Services, and show that there is need for enquiry and reform in that direction.

"Before I do so, my Lord, I may be permitted on behalf of the Madras Presidency at this, the last meeting when Your Lordship presides over the Reformed Council, to express our deep gratitude to Your Excellency for the statesmanlike insight and wisdom shown by Your Lordship in meeting an extremely difficult situation in the affairs of this country. For never during the last fifty years has India passed through such a crisis as the one out of which we are now emerging. I say emerging, because though the tension of the situation is much eased and the critical stage has passed, it cannot be said that we have yet reached the haven of contentment and peace.

"The situation which Your Lordship had to grapple with on assuming charge of your high office was indeed unprecedented. There was the legacy of deep discontent on the part of the people due to various causes which Your Lordship was called upon to deal with. The partition of Bengal, which is disturbing the finances of the country as it has disturbed the peaceful political evolution of a great people, was, after all, like the ugly boil on the face which simply pointed to the malady from which the patient was suffering. The root cause was the conviction created in the minds of the people by the policy of your illustrious predecessor that they had no hope to rise from the inferior political status accorded to them in the administration of the country. The Enlarged Legislative Councils which were welcomed in 1892 had played out their part and proved ineffective in influencing the administration of the country to any appreciable extent. It became evident that the children of the soil had no part in guiding the machinery of the Government or a free and effective voice in its deliberations. Japan's success drew pointedly the attention of the people to their inferior status in their own country. Under the circumstances intelligent men pointed to the danger signals ahead and pressed for reforms in the legislative and administrative machinery of the Government. But their voice was unheeded and it was considered that efficiency in administration connoted contentment and happiness of the people. Such was the legacy left to Your Lordship and such the situation Your Lordship had to face. How Your Lordship early penetrated behind the veil and grasped the true position of affairs, how Your Lordship adopted measures to meet the growing aspirations of the people and secure their goodwill and co-operation in the cause of peace and order, are now matters of history. It is a misfortune that Your Lordship's Government had to adopt one repressive measure after another to put down the exotic growth of anarchy in this land.

"It is a matter of congratulation, however, that Your Lordship persevered in the path of reform in spite of numerous appeals from a powerful party in England and here that Repression and not Reform should take a predominant place in meeting the situation. The reformed Councils throughout the country with all their defects mark a substantial advance in constitutional reform and meet a pressing want They present a problem to the people as to how to coalesce the divergent and conflicting elements in India and how to make them work for the welfare of the country with one mind towards a common goal. I hope that the experience gained from the working of the old Councils will not be lost in adapting the new Councils to the changing conditions of the country. Already the experience gained of the present Council, I venture to state, is not so full of good augury as was hoped. It is becoming evident that no proposal can find favour with the Council, unless the Government gives countenance to it. In his memorable speech, sketching the reform proposals in December 1908, Lord Morley, quoting His Honour Sir Edward Baker, said that 'The great task was to adjust the machinery of the Government so that their Indian fellow-subjects might be allotted parts which a self-respecting people would fill. I am sure that with growing experience the legislative machinery will be so adjusted as to meet the wants and aspirations of the people. But the machinery of the Government is not only legislative but also administrative, and it

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cannot be said to be adjusted to the needs of the situation, unless and until the administrative portion also is reformed.

"I shall now briefly state some facts to show that there is need for adjusting the administrative machinery of the Government as well and for further enquiry in that direction. My Lord, nearly 40 years after the passing of the Statute of 1833 and even after the Proclamation of 1858, capable Indians continued to be excluded from the higher offices of trust and responsibility in the administration of their country. Accordingly the Statute of 1870 was passed by Parliament, by which power was taken to appoint Indians to places hitherto held by the members of the Covenanted Civil Service under rules to be framed by the Governor General in Council and sanctioned by the Secretary of State in Council. These rules were long in coming, and when they finally came in 1879, one-sixth of the offices reserved to the Covenanted Civil Service was declared open to Indians of approved merit and ability. There were not two separate lists for those appointed under the Statute and for the members of the Civil Service, and no stigma of inferiority was attached to the former. But the system of recruitment was generally by nomination and not by open competition, and birth was considered to be a better recommendation than ability. Naturally such a system failed to give satisfaction. Hence came the appointment of the Public Service Commission in 1886 to devise a scheme which might reasonably be hoped to do 'full justice to the claims of the natives of India to higher and more extensive employment in the public service.'

"The Commission formulated a scheme recommending that there should be two services—one called the Indian Civil Service, mainly European, recruited in England under a system of open competition, and the other the Provincial Civil Service, mainly Indian, recruited in different provinces, partly by open competition and partly by promotion from the Subordinate Service. It recommended that 108 appointments reserved to the Indian Civil Service should be declared open to the Provincial Service. Among the offices so excluded from the listed appointments are a membership of the Board of Revenue in Madras, Bengal and United Provinces and a Financial Commissionership in Punjab, Under Secretaryships to the several Governments, one-third of the District and Sessions Judgships, and so on. The Government of India accepted the recommendation about the establishment of the two services but reduced the places from 108 to about 90, and declined to allow some of the higher appointments, such as a membership of the Board of Revenue and some of the District Judgships, etc., to be excluded from the listed appointments. The Government finally directed that so far as the Provincial Service was concerned, the recruitment should ordinarily be by nomination and not by competition, and so it has come to be in all provinces except to a limited extent in the Punjab, as stated by the Government in its answer to my question on the 23rd instant. I may in passing mention that most of the Indian members of the Commission who joined in the report disowned it when they saw the final outcome of their labours. To continue: the differentiation into two services has been extended to all the special departments, such as Education, Public Works, Police, Customs, Survey, Forest, etc. Thus two services have been created in all departments of the Public Service, one superior, mainly European, and the other inferior, mainly Indian. Almost all the important appointments involving direction, initiative and supervision are kept in the hands of Europeans. The result is that only about 7 per cent. of the appointments carrying a salary of over one thousand rupees a month are in the hands of Indians. Lord Curzon took great pains in publishing tabular statements with his famous Resolution of the 24th May 1904 to convince the public how largely and how liberally the Government had been utilizing indigenous agency in the administration of the country. It is true, as is evident from these statements, that a very large number, and I would say an unduly large number, of offices in the lower rungs of the ladder are held by Indians. But as we go higher and higher up the administrative ladder, the Indian element practically disappears. I submit that the principles enunciated by Lord Curzon strike at the very foundations on which the administration of this country can be carried on with honour to the English nation and with happiness to the people.

[*Mr. N. Subba Rao.*]

"Never before, my Lord, in the long history of India was native talent divorced so largely from the controlling centres of authority. But now, in spite of repeated pledges and declarations, we find, as a matter of fact, if I may say so, two practically water-tight compartments in the administration, one filled mainly by Europeans and the other mainly by Indians, and native talent has to find scope in the Native States to the limited extent they offer. Such a state of things, I submit, cannot last long. I need not refer here to the drain of experience and intelligence from the country caused by this system nor to its depressing effect on the manly growth of national individuality. I do not now propose to examine the rules framed in connection with different special departments which tend to keep back native intelligence from reaching the highest places therein. But I shall say this that, you cannot expect a sensitive people with long historic civilization to rest contented with such a system, when they come to understand its true inwardness and significance As Lord Salisbury said:—

'No system of government can be permanently safe where there is a feeling of inferiority or mortification affecting the relations of the governors and governed.'

"We are grateful to Your Lordship and Lord Morley for your insight into the realities of the situation and for the courage you have shown in making a breach in what Lord Curzon was pleased to characterize as the 'core and crown' of British autocracy in this land. The appointment of the Hon'ble Mr. Sinha to Your Lordship's Executive Council has been hailed with joy by all classes of people in this country. The recent appointments to the Executive Councils of Bombay and Madras, as well as the appointment of two Indians to the Secretary of State's Council and an Indian to the Judicial Committee of the Privy Council, have gone far to strengthen the feeling that Indians are regarded as much equal subjects of His Majesty, the King Emperor, as the British. But unless, my Lord, these are followed up by the adjustment of the services, the measures adopted will not go a long way to meet the just aspirations of the people.

"The Public Service Commission in formulating its proposals point out 'that the circumstances of the country and the social condition of the population change with extraordinary rapidity, and absolute finality in any arrangement of the kind is not to be hoped for.' Your Lordship has noted, in your statesmanlike opening address on the 25th January last, how India has shared in the general awakening of the Eastern world and 'how important classes of the population are learning to realize their own position, to estimate for themselves their own intellectual capacities, and to compare their claims for an equality of citizenship with those of a ruling race.' There is no doubt that there has been a rapid and marvellous change in the general outlook and aspirations of the people during the last few years. The time is come, if not long passed by, when it is necessary to examine the relationship of the services in the light of the altered conditions of the country and place them on a footing of equality, so that the members of the two services might feel that they are comrades animated by one single desire to administer the country for the welfare of its people. I would suggest, my Lord, that in any system that may be devised there should be such an interchange between the two services that the members of both may have equal facilities and equal opportunities to rise to the top of the service, and that the badge of inferiority should not be attached to the Provincial Service. It is only when they are placed in a position of equality, that there can be real mutual respect, and this will be a more potent cause for promoting friendly relations between the two communities than all the social gatherings that may be conceived and all the palliatives suggested by the Decentralization Commission. I need hardly mention that it is only when the Indian is respected in his own country and by his Government that the Colonies would accord due respect to him.

"I submit, my Lord, that this reform is essential in the interests of economy as well, and it is a necessary complement of the scheme of reform which Your Lordship has taken in hand. Half the troubles of the present situation are due to

the dissatisfaction felt on account of the privileged position which is secured to the Europeans and the inferior status accorded to the Indians under the rules and regulations framed by the Government. I do not blame the members of the distinguished Indian Civil Service. Their whole-hearted devotion to duty, their marked ability, and their *esprit de corps* are worthy of admiration. We are concerned here more with the system and not with men, more with the safety and well-being of the Empire than with the interests and convenience of individuals. My Lord, you may spread universal education throughout the country, as asked for by the Hon'ble Mr. Gokhale. You may establish a Central Technological Institute and Provincial Polytechnic Institutions in different provinces, as asked for by the Hon'ble Mr. Mudholkar. You may stud the country with irrigation works, as asked for by the Hon'ble Mr. Dadabhoy. But all these and many more like these will not remove discontent in the land, so long as the present differentiation continues. For if you touch the self-respect of a person, you touch that which he values more than life itself. My Lord, I have ventured to place this matter before Your Lordship, because I feel that on the proper solution of this question depends the harmonious evolution of Indian progress and the permanence of British rule in this country.

"I am aware, my Lord, that this is a large question and has to be examined from several standpoints. What I submit, my Lord, is that there are good grounds for looking into the matter at this juncture and readjusting the administrative machinery, and I trust that the question will receive due consideration at the hands of Your Lordship's Government.

"I shall now say a few words about Provident Funds which are doing so much mischief in the Presidency of Madras. I am glad that the Hon'ble Mr. Andrew has given his warm support to the necessity for legislation to check the evil caused by these societies. The plan on which they are started is very simple. A few people join together and call themselves directors. Subscribers have to pay one rupee a year as well as an entrance fee from one to three rupees. Nearly half the amount collected each year is distributed among the subscribers, who have no voice in the management of the concern. The directors receive generally about one-fourth of the amount of the subscriptions, and it is calculated that together with interest and lapsed policies, etc., the directors receive nearly two-thirds of the amount paid by the subscribers. The bait placed before ignorant and poor people is that a lump sum of about R100 or R200 would be paid at one time to the nominee on the death of the subscriber. There is no limitation practically as to the life that can be insured. The result is that old men and women are sought out and their lives are insured without their knowledge, and the nominees who are the real subscribers gamble on their lives. Of course these Societies collapse after a few years and large numbers of poor people are cheated and ruined. Some of the Societies had as many as ten to thirty thousand subscribers. The Hon'ble Mr. Andrew has drawn the attention of the Council to the pamphlet published by Mr. M. Ramachandra Rao, Chairman, Municipal Council, Ellore, which gives a lucid account of this movement. My Lord, I join with the Hon'ble Mr. Andrew in urging that legislation should be taken in hand as early as possible. At present the strong arm of the law is impotent to reach those that deal in these lotteries. The Hon'ble Mr. Justice Krishnaswami Iyer, presiding at the first Co-operative Conference at Salem on the 19th instant, pointed out that it was very difficult to bring those dealing in such funds and enriching themselves at the expense of poor people within the reach of the Penal Code. I submit that it is necessary to undertake legislation in this matter not only to check the evil but also to extend the protection of the law to *bonâ fide* Societies started for the mutual benefit of the members and encourage the growth of societies whose objects are similar to those of the Friendly Societies in the West. By bringing these societies within the purview of the law, a small fee for registering them might be levied, and I dare say the Hon'ble the Finance Member will not despise to receive from this source a small addition to the Exchequer which is badly in need of funds.

[*Mr. N. Subba Rao; Maung Bah Too; Raja Partab Bahadur Singh.*]

"Before I resume my seat, I associate myself with my Hon'ble colleagues in giving expression to our sincere regret that Your Lordship's term of office is fast drawing to a close and pray that Your Lordship may be spared long for a career of greater usefulness in a higher sphere of activity in your native country."

The Hon'ble MAUNG BAH TOO said:—"My Lord, I am much interested in the proposed establishment of a separate University for Burma. There is little reason to suppose that a system of education applicable to Bengal would also be suitable for Burma, or that a body of men who have a very small knowledge of Burma and the Burmese would regulate satisfactorily the higher educational affairs of the province. In practice we have seen many unfortunate results. The Burmese undergo much difficulty in having to come to Calcutta for certain practical examinations. I think it highly desirable that we should have a well equipped University in Rangoon and that our young men should not need to go either to Calcutta or to London for qualifications in law, medicine engineering or other professions. The sooner we make a beginning, the better. Our people will be more eager to qualify themselves when they see a chance of participating in the management of a University.

"Until the last reduction of salt-tax in 1908, Burma had an advantage over other provinces in the rate of salt-duty. This was, I believe, supposed to be a set-off for the levy of capitation-tax in Burma. Now, however, the capitation-tax is still levied, and Burma is at a disadvantage. I am glad to hear that the local salt-industry is not to be taxed out of existence. I have heard it said that Burma contributes too little to the salt-revenue. But I see that our 10½ millions of people paid nearly 19 lakhs of rupees. And if allowance is made for the movement of salt from Madras, Bengal and Bombay to other Provinces and Native States, I think Burma will be shown to pay its full share of this revenue. If we cannot get any advantage again in this taxation, we should like a set-off in a greater share of the general revenues. And we look with jealousy at the relief promised to Madras in the matter of village-cesses.

"The opium policy of Government has checked the rising generation of Burmans from acquiring the opium habit, but this policy, which has the approval and sympathy of the great majority of Burmans, leads both to diminished revenue and to increased expenditure. I do not think that the preventive and detective establishments can be reduced in the near future, and the charge for them ought to be accepted as part of the normal expenditure of the Province. In fact there will be, as in other items of normal expenditure, an increase from year to year, not large but reasonably proportioned to the growth of population.

"I think that the administration of the Post Office in Burma ought to be brought more into touch with the Burmese. The Department is much too full of Indians at present. I should like to see an officer of the Burma Commission made Postmaster General of Burma. He would understand how to obtain and manage Burman assistants. I do not wish to disparage Mr. Lalkaka, who worked hard to develope his Department and accomplished much useful work; but he and his predecessors and successors have all laboured under the great disadvantage of knowing little of the country and the people. I may point out that little is seen of the Burman in Rangoon.

"In the Telegraph Department, as in the case of the Post Office, I want to urge the greater employment of the Burmese."

The following are the observations of the Hon'ble RAJA PARTAB BAHADUR SINGH, which were, by the permission of THE PRESIDENT, taken as read:—

"My Lord, on the Financial Statement that has been laid before the Council I have the following observations to make.

"It is distressing that in a year of comparative prosperity, when the Government has not been called upon either to meet the expenses of a war or a famine

[*Raja Partab Bahadur Singh.*]

or an epidemic, the country is face to face with a deficit and the Finance Minister has to resort to, however reluctantly, fresh taxation of a people, 'a large proportion' of whom, he himself admits, are poor, an appreciable proportion very poor.

"He has my fullest sympathies when he says towards the close of his speech 'that no right-minded man can impose an additional taxation on India with a light heart.' His deficit Budget has, however, not much resemblance to an average deficit Budget. Here we have every item provided for, sometimes with the remark that it is not expected that the whole grant will be utilized during the year.

"One of the largest of the spending departments is the Military Department. What have we then in this year of deficit? The figures speak eloquently—

	Rs.
1907-1908	28,87,25,310
1908-1909	29,40,44,820
1909-1910	28,84,96,500
1910-1911	29,55,97,500

"More money is to be spent on this head this year than was spent during any of the previous three years.

"The most disquieting feature of the new taxes is that they are not levied to meet merely a passing emergency. The Hon'ble the Finance Minister announces his intention of 'strengthening the basis of our revenues,' which being put in plain language means that the taxes he has imposed are going to stay and are not to be expected to be removed on the passing away of the present demand. This is not consoling to a lay mind in a year of general prosperity. What are we to expect in a less prosperous year?

"As to the objects chosen for taxation, I am in full agreement with the Hon'ble the Finance Minister when he says that it is better to have 'substantial duties on a few articles of comparative luxury rather than interfere with all-round uniform rate upon a variety of less important articles, many of which may be described as necessaries.' And under this, I beg respectfully to congratulate the Hon'ble the Finance Minister on having chosen imported liquors and tobacco. But, my Lord, I have doubts as to the suitability of petroleum for such a purpose, and also of silver.

"As to how the duty on silver will affect the cotton trade my Hon'ble friend from Bombay has already spoken eloquently. On that aspect of the duty I do not wish to add anything more. But this duty on silver is likely to have effect on prices in India also, and this is what I wish to point out to the Council.

"My Lord, at present we have the good fortune of having a very good harvest; but in this country the price of agricultural products depends largely on the rains. How much the calculations of even so exalted an individual as the Finance Minister depend on rain has been pointed out to us by the Hon'ble Sir Guy Fleetwood Wilson. But suppose there is not enough rain next year or the year after next, will the prices of agricultural products remain unaffected by the new tax under those conditions? I fear not. Mr. Montagu in the House of Commons might state that the effect of enhanced duty on price had been extremely small. May we not point out that the time given to the observation of the phenomenon had been very small also? Later on there may be a different tale to tell. My apprehension is all the greater as even this tax has been levied with an idea to 'strengthening the basis of our revenues.'

"As to petroleum also, my Lord, I fear I am unable to agree with the Hon'ble the Finance Minister on looking upon it as an article of 'comparative luxury.' It has now become a necessity with the poorest people, who purchase it in small quantities. The vegetable oils that were formerly used by the people have now become too expensive for them owing to the great rise in prices, which is one of the most marked features of the present day. A cheap and satisfactory illuminant is one of the greatest comforts of life, specially of a class who have no luxuries to boast of. This tax will tell heavily upon them without, I fear, doing corresponding good to the Burma oil industry. On these

[*Raja Partab Bahadur Singh ; Zulfikar Ali Khan.*]

and other grounds I am told a tax on petroleum in the past had been rejected. Besides all this, my Lord, there is the general objection to indirect taxes. The subject has to pay a great deal more than the State receives. And when this applies to a necessity of life like light used by the very poorest of the poor, its significance is really very great. At this stage of the proceedings it would be useless to suggest other or more durable objects of taxation, if taxation be necessary. But, my Lord, may I be permitted to suggest that in the framing of the Financial Statement the Government will be well advised to associate some of the representatives of the people; for, my Lord, the real burden of the taxation falls on us; and, in spite of all the trained skill and knowledge that the officials can command it is but human nature that they cannot realise the exact bearing of the evidence of a tax so well as those who have really to pay it. Your Lorship's régime will be remembered always as the régime of reform, in spite of untoward circumstances and in the face of great difficulties. But, my Lord, the people do not derive the full measure of the beneficence of your intentions till they are taken more into the counsel of the Government than is implied by being a member of even this distinguished assemblage.

"Lastly, my Lord, I wish to say a few words on the condition of the United Provinces and their relation to the Supreme Government.

"From his place in the Council last year the Hon'ble Mr. Holms, speaking on the Budget, pointed out that the United Provinces had been 'starved in the past', and although the Supreme Government had been somewhat more liberal since then, compared with the large amount of revenue raised in the Provinces, the share allotted was not adequate to meet the wants. One of the principal causes of the deficit this year had been the large sum of money given by the Supreme Government to the new provinces of Eastern Bengal and Assam. My Lord, I do not grudge the sum allotted to the new provinces. But I only wish to point out that the United Provinces too have a claim on the generosity of the Government. For a long time the provinces had suffered greatly from plague and malaria. Famine had come in their wake last year. The need of sanitation was very great. Sir John Hewett was alive to these needs and was doing all that could be done for the people. But his hands were tied up on all sides by the want of money.

"Technical education, too, was greatly needed, and in this matter also the Lieutenant-Governor was fully alive to the situation; but here, too, his beneficent energies were crippled by the want of funds.

"My Lord, this is the first time in the history of India since the British connection that the representatives of the people have been allowed to discuss the Budget so freely, and in the spirit in which the reform has been initiated I have made bold to present to the Government what appeared to me to be the shortcomings. I have ventured to suggest also a small matter of further reform which to me seemed imperative. But before resuming my seat I wish to convey to the Government the sense of gratitude of the Taluqdars of Oudh I have the honor to represent for the great concessions made by the reforms. Your name, my Lord, will henceforth be linked with those of Bentinck, Lawrence and Ripon and be enshrined in the grateful hearts of the Indian people, for whom Your Lordship has laboured so dauntlessly and so well."

The Hon'ble ZULFIKAR ALI KHAN said :—"My Lord, at the end of this session it is only appropriate to congratulate Your Excellency on the successful working of the first year of this reconstituted Council which Your Excellency's political foresight has created. I do not think it is possible for human ingenuity to establish ideal conditions, but under the existing circumstances no better method could be devised to satisfy the aspiration of the educated Indians and to secure their co-operation in the administration of this country.

"The official members have displayed excellent spirit in accommodating themselves to the changed environment, and I am sure that I am giving expression to the unanimous opinion of my colleagues when I say that we are all sensible

of the great courtesy and consideration invariably displayed by them in their attitude towards non-official members.

"The privilege of moving resolutions has been fully exercised, and those resolutions which are useful for the country have been accepted by Government with unhesitating cordiality and willingness.

"The country is again grateful to Your Excellency for appointing two Indians to the Executive Councils of their Excellencies the Governors of Madras and Bombay.

"The different communities in India have reason to rejoice over it, for I am sure they will get their proportionate share of these high offices in due course.

"My Lord, I beg to be allowed to make a few observations in connection with the Budget, and although several of the prominent features have already been thoroughly discussed yet enough remains which calls for remarks. It is a matter for regret that the first Council should have imposed new taxes on the people, and though I am sure the Hon'ble the Finance Member could not avoid the exigency of meeting the deficit by fresh taxation, yet I think he could have spared the petroleum, which is so commonly used by the poor in this country, by taxing some other luxury such as sugar or country liquors. However I am sure that our ingenuous Finance Member will soon announce that he no longer sees the necessity of continuing taxes on such necessities as are in daily use among the poor.

"My Lord, another point which claims attention is the ungenerous treatment of the Province to which I belong, I mean the Punjab. It is not for me to enter into details, for the official members from my Province will, I am sure, fully explain the situation; but I cannot refrain from saying that in certain departments more than half the revenue is appropriated by the Imperial Government and less than half left to the Punjab. Considering that the Province is not a rich one, the Government of India could be reasonably expected to treat the Punjab more generously than is actually done. There are many reforms which cannot be initiated for want of funds, and it would be only fair if something more is left to the Province to cope with the demand for improvement which is felt in all directions.

"My Lord, I must draw the attention of the Government of India to the recent enhancement of railway fares over most of the Indian railways. The tendency all over the world is to reduce the railway fares, but in India these have gone up by large figures. The sole justification is sought in the diminished railway receipts in recent year, but if this decreased income is still sufficient to ensure a decent percentage of profit on the capital outlay on the railway lines concerned, surely there is no justification for the enhanced railway tariff.

"While I am about this subject I may as well invite the attention of the Government to the desirability of river bridges in the Punjab being thrown open to traffic free of charge. This concession has been made in the United Provinces and it is time it were extended to the Punjab also, particularly as some of the bridges there have already brought back a considerable proportion of the money spent on the construction of these bridges. I think a beginning may be made with the Jumna Bridge at Delhi and the Ravi Bridge at Lahore.

"My Lord, there is one more point which I would bring to the notice of the Government of India, and it is the necessity of increasing the emoluments, of the low-paid clerks and similar Government servants in Government offices in the Punjab, especially the offices which are subordinate to the Government of India, such as the Irrigation and Public Works Departments, Accountant General's Department, Railway and Postal employés.

"In view of the enormous rise in prices in the Punjab it is essential that something should be done for these men, who will greatly appreciate the beneficence of Government if their condition in service is improved."

[*Mr. Quin.*]

The Hon'ble MR. QUIN said:—"Like the Hon'ble Mr. Fenton I also desire to say a few words with reference to some remarks which fell from the Hon'ble the Finance Member in the course of the speech in which he introduced the Financial Statement on the 25th February last. When dealing on that occasion with the financial position of the various provinces the Hon'ble Sir Guy Fleetwood Wilson gave the Council to understand that the situation of some of them—and amongst those he included Bombay—was not altogether reassuring. He went on to add, with special reference to Bombay, that the existing substantial balances were being somewhat rapidly diminished, and he uttered a note of warning as to the care which would have to be exercised to prevent the scale of recurring expenditure from settling into permanent excess over the normal revenues.

"In respect of both these matters I desire to offer a brief explanation, and, first, as to the diminution of balances. It is of course true that for the year 1910-11 the Government of Bombay have estimated their expenditure at a figure which will involve the reduction of their balance from Rs. 76,84,000 to Rs. 60,87,000, that is, by nearly 16 lakhs.

"This, I admit, is no inconsiderable sum, but in order to understand the bearing of this reduction on the general policy of Government in dealing with their balances it is necessary to see what the situation was a few years ago, and to compare it with the situation existing today.

"The balance at the beginning of 1905-06 was Rs. 76,73,000. The balance at the end of 1910-11 is expected to be Rs. 60,87,000, so that in 6 years the net diminution will have amounted to Rs. 15,86,000 only, that is to say, the balance will have been reduced at the rate of not much more than 2½ lakhs per annum on the average.

"In only one of the five years between 1905-06 and 1909-10 has there been a really large draft on the balance. That was in 1908-09, when it was reduced by 26 lakhs, of which it may be said roughly that half was spent on police reforms and half on education. In two of the years the balance was drawn on to a small extent, and in two an addition was made to it.

"On the whole then, and especially looking to the fact that in 1905-06 the sum of 50 lakhs was given to Bombay for the express purpose of expenditure on public works and other objects, provision for which had fallen into arrears owing to the famines, it will I think be agreed that the Government of Bombay have made only a very moderate inroad on their balance.

"I may add that the expected balance at the end of 1910-11 is more than three times the minimum prescribed for the Province.

"I come now to the Hon'ble the Finance Member's warning as to the need for taking care that the scale of recurring expenditure should not be allowed to exceed the normal revenues. Well, all I have to say about this is that the Government of Bombay are already fully alive to the necessity for carefulness in this matter. It will be seen from the Budget estimate for 1910-11 that the figures of recurring expenditure have been rigorously kept down to the limit to which the revenues are expected to attain, which means that all the money taken from the balance is to be devoted entirely to meeting charges of a non-recurring nature. So much for the past and the present.

"It remains for me only to take upon myself the thankless rôle of the prophet and to say a few words about the future.

"It would be foolish to ignore the existence of the tendency foreshadowed in the warning of the Finance Member, a tendency fraught with very grave significance, which is asserting itself yearly with increasing force, and which it will be very difficult to hold in check much longer without running a serious risk of impairing the efficiency of our administration.

"I refer of course to the tendency for the growth of the demand for fresh but necessary expenditure to outstrip the natural expansion of the share of the ordinary revenues of the province which have been assigned to the Government of Bombay.

[*Mr. Quin; Mr. Gates.*]

"The total expenditure has risen from 525 lakhs in 1905-6 to 639 lakhs in 1910-11, a rise of nearly 22 per cent. in 6 years, during which time the revenue (exclusive of the fixed allotment from the Government of India) has risen by about 18 per cent. Notwithstanding this very substantial increase we are still confronted with the immediate necessity for further additional expenditure. I will spare the Council the details, but I may say that funds are urgently required to improve the pay and organization of the subordinate establishments in both the Revenue and the Judicial Department. Heavy expenditure has still to be incurred to complete the measures of reform recommended by the Police Commission and thus to bring the Police up to a state of full efficiency, and large sums are required for education, especially primary education, as well as in many other Departments.

"There is but little hope in these days of diminishing receipts from opium and of fresh taxation that further Imperial subventions will be made to Bombay, and it is most unlikely that there will be any such expansion of the share of the normal revenues assigned to us as will be in any way adequate to the new demands.

"In these circumstances, if there is to be no revision of the terms of our settlement, one of two things must happen. Either it will become necessary to call a halt in the forward march of our administration or we shall have to come to the Government of India for powers to acquire new sources of revenue by means of provincial and local taxation.

"I have very little doubt that the Hon'ble the Finance Member is already repeating to himself the good old adage about cutting one's coat according to one's cloth, but it seems to me that in the life of the body politic, as in that of the human body, there comes a time when instead of endeavouring to cut your coat according to the dimensions of an obviously undersized piece of cloth it is the course of wisdom and of prudence to request that you may be supplied with a larger piece – a piece large enough indeed to allow of your fashioning from it without difficulty a garment of the additional amplitude rendered necessary by the growth and expansion of the body. The present however is not the time nor is this Council chamber the place to enlarge upon the suggestion which I have just put forward. This suggestion raises issues which are both important and complex, and I will, therefore, conclude these few remarks by saying only that it is one to which I have little doubt it will be found necessary in the not far distant future to devote very serious consideration."

The Hon'ble Mr. GATES said:—"My Lord, I am sorry that it falls to my lot to address this Council on the Provincial assignment of Burma; I wish the circumstances were such as to render no speech from me necessary. I am conscious that the claims and grievances of Burma are not interesting to a majority of the Hon'ble Members of this Council. Still this is the place and this is the time which have been recognised as suitable for representation of this kind; and perhaps Hon'ble Members from the more fortunate provinces may derive some pleasure from contemplating our misfortunes. After all they have some interest in our tale of woe. Our hand is against them. They were equipped in the days before 1871 with establishments, roads and buildings when all the Provinces scrambled for money from the common bag. We were less fortunate in those days. For nearly 40 years Arakan was a neglected division of the Province of Bengal. So far as Arakan is concerned we are able to sympathise with what has been described today as the Benjamin of Provinces. Tenessarim also was an isolated division directly under the Government of India for a similar period of nearly 40 years. Pegu was another isolated division for a period of ten years. Even after 1862, when these three divisions were consolidated as the Province of Lower Burma, the voice of the Province was feeble and its cries from across the Bay of Bengal attracted little attention. Consequently Lower Burma entered into the system of Provincial assignments in 1871 with a poor equipment. Upper Burma was acquired in 1886 and in 1892 was brought under the system of Provincial

[*Mr. Gates.*]

assignments. At that time it was even worse equipped than Lower Burma. Consequently the United Province of Burma has never had a fair start and has now a great deal of lee-way to make up. When we hear clamours for grants from the Central Exchequer for primary education, for sanitation and for technical education, we feel that Burma, with its increasing revenues, and with its present comparatively small population, is being asked to pay more than its share. These old established and powerful provinces with populations and comparatively small revenues are trying to obtain from Central Government grants for their amenities, after being provided with their necessities.

"Now, I have mentioned our bad start as a reason why we should be treated with special favour, and I will mention two other reasons in support of the same argument. The first is the high yield of taxation in Burma, and the other is the high level of prices and wages obtaining in Burma. I find that the average yield of taxation per head in Burma was a little over Rs. 7 against less than one and a half rupees in Bengal and under Rs. 3 in Madras. That is for what are generally known as the principal heads of revenue; namely, land-revenue, stamps, forests, excise, income-tax and registration. Salt and customs are not included for either Burma or the other two provinces, because it is impossible to say how much of the revenue received at the Custom Houses of Calcutta and Madras is borne by the populations of Bengal and the Madras Presidency. Then there are special taxes levied in Burma which are not levied in the other Provinces, for instance, the capitation-tax and the tax on fisheries and the *thathameda*. The last mentioned tax is an income-tax levied on the smallest incomes and is paid by agriculturists also. We do not grumble unduly at the high rate of taxation, but we think it gives our Province a claim for a larger share of the yield.

"Now I turn to the question of high prices. I have not time to develop the statement, but the fact of the high cost of living in Burma is notorious and can be verified from any volume of statistics. It was only yesterday that I was informed that there would be a difference of about Rs. 100 a month in the establishment of a European officer, between living in Burma and living in Simla and Calcutta combined. That perhaps will indicate to the Council the high level of wages and prices obtaining in Burma. Now it is not the higher officers of Government who get higher salaries in Burma. They get the same as the officers in Bengal, or in some cases they get less. Nor is it the officers of the Provincial Services who get higher salaries in Burma. It is the labourers, the menials, the clerks and the members of the Upper and Lower Subordinate Services who have to get higher rates. We have a great deal of lee-way to make up in establishments as well as in Public Works. Not long ago we had first class Magistrates and Subdivisional Officers drawing as little as Rs. 175 a month, and even now we employ officers of the Subordinate Civil Service on duties which in other Provinces are assigned to Deputy Collectors or Extra Assistant Commissioners.

"Now having established that Burma ought to be treated with special favour, let me demonstrate to the Council that it suffers the reverse. The present Provincial Settlement was based on the Budget figures for 1906-07. But some of our estimates of revenue were raised on the ground that we had shewn a tendency to under-estimate revenue, and some of our estimates of expenditure were lowered on the ground that we had shewn a desire to over-estimate expenditure; in particular the grant for Public Works was cut down by over 35 lakhs. The fact is that we made strenuous efforts to please the Finance Department by sanguine estimates of revenue, and we have been only too successful as the figures supplied by Mr. Meston to the Decentralization Commission shew. I will give the Council one instance. The figure for stamps in the Budget of 1906-07 was 39¾ lakhs. That was raised in the Provincial Settlement to 41 lakhs. We received 40 lakhs in 1907-08. The figure was 38 lakhs for the next year and we expect to get 37 lakhs this year. For next year we estimate 38 lakhs. Now the settlement estimated an increment of

[*Mr. Gates.*]

one and a half lakhs a year. We have not got that; we have not yet even reached the basis figure. Our estimate for land-revenue was accepted, but it was too sanguine, and in the two years 1907-08 and 1908-09 we have received 15 lakhs less than was anticipated. The result in the two years just mentioned is that on the revenue side we have received 46 lakhs less than was anticipated, and we have reduced our expenditure below what was anticipated by 7 lakhs. Now we knew that at the beginning of the settlement our expenditure would exceed our income and we expected to reduce our opening balance of 62 lakhs, but we did not anticipate this enormous drop in revenue. When the Lieutenant-Governor discovered this drop he took immediate steps to limit expenditure. He was not able to avoid the expenditure to which the Province was committed in 1908-09. But the total expenditure of the Province has been reduced from 465 lakhs in 1907-08 to 450 lakhs in the current year 1909-10. We were blamed by the Hon'ble Finance Member for not postponing certain items of expenditure in 1909-10. These items have been examined. It would take too long to put before the Council an explanation in respect of each of them, but to most of them the Local Administration has a sufficient answer. Some of these items we did postpone; in one case the Government of India declined to allow us to economise. But we value the good opinion of the Hon'ble Finance Member; if we could obtain some of his blessed sympathy, we might also obtain some of his blessed cash. Therefore when he contrasts our profligacy with the virtue of another Province we feel moved to protest and to explanation. Now the fact is, my Lord, that the financial virtue of my Province is of a very high order. In the years 1897 to 1902 we accumulated a crore of rupees and Lord Curzon's Government gladly recognised that the Lieutenant-Governor was not led into extravagance and rewarded him by a very much less favourable settlement for the next five years. When this financial crisis came upon us we managed to close the year 1908-09 with a balance of ten lakhs and we budgeted to close the present year with five lakhs, but owing to sundry economies we now expect to close with not less than 18 lakhs.

"This is exclusive of any grant which may be made to the Rangoon Port improvement scheme. Now the Province of Bengal, which received some sympathy and a good deal of cash from the Hon'ble Finance Member, closed the year 1908-09 with 8 lakhs; they budgeted to close the current year with nothing and now expect to close with 7 lakhs and they are to receive 30 lakhs in addition from the Central Exchequer. I submit to this Council that Burma is a more virtuous Province than Bengal and that we ought to have got both sympathy and cash. I suppose it is out of the question now that Burma should receive a grant. Of course a grant would be acceptable, but I quite agree with what has been said that grants do not go to the root of the evil. What we want is a revision of our assignment; 93 out of 452 lakhs of our income in 1908-09 were due to a fixed assignment; that means that over one-fifth of our income is fixed and the same of course cannot be said of one-fifth of our expenditure. In the current year this condition is a little aggravated. The Central Government has thrown back on the Province of Burma a charge for certain subsidies. We have received Rs. 2,89,000 to cover them. This charge may increase; the fixed grant will not.

"Now there are three main reasons why we should obtain revision of our Provincial assignment. The first is that we are worse off than other Provinces; the second is that we meet expenditure of a kind which is not met by other Provinces, or not to a like extent; and the third is that the present system has grown by degrees and without due deliberation.

"Madras, which is a fortunate Province, has a *minus* fixed assignment and other Provinces started their Provincial settlements with fixed assignments of 5, 7 and 2 lakhs respectively. The fixed assignments have grown since owing to grants for famine, police, education and sanitation, but nowhere are they near our proportion.

"Then we spend a considerable sum—58 lakhs—on military police which relieves the army and defends our frontier. Our land-revenue expenditure is bound

to increase rapidly. We have to give one rupee for every ten collected and we have to increase from time to time the number of revenue-surveyors. The Government of India were asked to share this expenditure, but they said it was of an administrative character. Well, 24 lakhs out of 68 are of an administrative character. 22 lakhs are spent on direct collection, 9 lakhs on survey and settlement; 14 lakhs on supplementary survey and land record services, which in our system are intimately connected with the expansion of the revenue.

"The third point is that the system came about by degrees. The original figure of fixed assignment in the first stage of the discussion was 65 lakhs. Then the estimate of growing revenue dropped by 18 lakhs and political expenditure of 5 lakhs was handed over and there were some minor adjustments, and the result was that the figure fixed was 90 lakhs. It has grown a little since and now stands at 99 lakhs. We say that the circumstances have changed; that other Provinces, and particularly Madras, have got a revision of assignment, and we appeal to the Government of India for a revision of ours. My Government quite understands the reluctance of the Hon'ble Finance Member to interfere with arrangements concluded before his arrival, but when the circumstances have changed, when it can be shewn that a state of affairs has arisen which was never contemplated, that the expenditure must grow faster than the revenue, then I think it will be admitted that a case has been made out for a revision of assignment and we beg that the Finance Member will give us some hope of a revision of the arrangements in the early future."

The Hon'ble MR. SACHCHIDANANDA SINHA said :—"My Lord, it is a matter of thankfulness—on the principle of being thankful even for small mercies—that the Government modified their first proposals relating to the stamp-duties which, if passed in their original form, would have seriously affected the exchange brokers. But while grateful for this, it is to me a matter of extreme regret that the Government did not see their way to modify their proposals in regard to the levy of the imports on silver and petroleum. It may be that, in due course, the conditions brought about by the raising of the duty on silver may be able to adjust themselves, but it is certain that at present, and perhaps for some years to come, it will adversely affect our cotton-industry. As for the enhanced duty on petroleum, Indian opinion is well nigh unanimous, and it is supported on this point by some of the leading organs of Anglo-Indian public opinion, that the rise in the cost of this illuminant will necessarily hit hard the poorest classes in the country; and with the greatest deference to the Hon'ble the Finance Member, I feel bound to demur to his inclusion of petroleum among 'articles of comparative luxury,' which he very properly proposed to tax. It is regrettable that the Government did not see eye to eye with the majority of the non-official members of the Council as to the desirability of enhancing the import-duty on sugar and levying an export-duty on jute, the principal staple of East Bengal, to meet the requirements of which province a portion of the additional taxation was alleged to have been necessary. Duties on sugar and jute would have brought in a substantial sum, and would have been much less unpopular than those on silver or petroleum. I earnestly hope that the Government will take the first favourable opportunity to remit the enhanced duty on petroleum. In connection with the new duties, we have learnt with considerable apprehension that efforts are being made by some members of the House of Commons to induce the Secretary of State for India to force the hands of the Indian Government to impose an excise-duty on Indian tobacco to countervail the import-duty. My Lord, I earnestly hope that Your Excellency's Government will not yield to any pressure from the Home Government. The import-duty levied on tobacco is admittedly for revenue purposes and it is not at all of a protective character. It is bad enough, in all conscience, that an excise-duty is imposed on the products of our cotton-mills, but an excise-duty on indigenous tobacco would be so indefensible that I am not surprised to find that even some of the Anglo-Indian papers have begun to enter emphatic protest against the suggestion. The Home Government has already forced the Government of India to relinquish the opium-revenue in order, as Lord Morley is reported to have

said, 'to satisfy British righteousness at the cost of Indian revenue'. I trust it is not too much to hope that no further pressure will be brought on Your Excellency's Government to impose an excise-duty on our tobacco.

"My Lord, I would like to say a few words on the question of Provincial finance, with reference to the remarks of the Hon'ble the Finance Member that 'the finances of the provinces is a subject which has recently caused no small embarrassment to the Government of India.' Sir Guy Fleetwood Wilson gave the Provincial Governments excellent advice when he asked them 'to confine their expenditure within the limits of their resources.' But this, though a consummation devoutly to be wished for, is not very easy for the Provincial Governments to attain, with all their efforts to meet with the wishes of the Government of India, as expressed by the Finance Member, when he asked them 'to overhaul their expenditure and to adapt it to their normal resources.' I shall be very sorry indeed, and would never forgive myself, were I to do any injustice to so considerate and sympathetic a Finance Member as the Hon'ble Sir Guy Wilson; but it seems to me—unless I am greatly mistaken—that the sum and substance of his appeal to the Provincial Governments comes to this, that they are to carry on the administration of their respective provinces, as best they can, with the funds at their disposal—funds admittedly insufficient to meet their growing needs and requirements, and the only result of which would be indefinitely postponing works of public utility and shelving measures of reform calculated to benefit the people. In recent years, on more than one occasion, the view that the Provincial Governments—some of them at any rate—are seriously handicapped for want of adequate funds to cope with their requirements, has been pressed in this Council by not only non-official but also, I believe, by some of the official members, and there is almost a concensus of opinion amongst educated Indians that unless the Government of India would place at the disposal of the Provincial Governments more money than what is available to them at present, it would be impossible for the latter to carry out measures urgently wanted in the interest of the people committed to their charge. And the Provincial Government which is perhaps most seriously handicapped for want of funds is that of the United Provinces of Agra and Oudh.

"To my mind, my Lord, there is hardly a question in which the people are more deeply interested than in that of provincial finance, for larger funds at the disposal of the Local Governments mean direct and tangible benefit to the people of the various provinces, whereas the curtailment of expenditure by them—so keenly desired by the Hon'ble the Finance Member—is possible, I fear, only at the cost of useful public works and beneficial schemes of reform. So long therefore as the Imperial Government will continue to claim the lion's share of the revenues raised by the Provincial Governments, there is very little chance of improvement in the condition of the people, and the administration of the provinces can hardly make any satisfactory progress. The fabric of the Imperial Government is so costly and such large funds are required for some of its spending departments that it has all along had to appropriate to its own use the fruits of the improvements effected by the Provincial Governments, and some of the members of this Council may remember the complaint of the late Sir Alexander Mackenzie about the Imperial Government's shearing the provincial sheep and leaving it shivering in the cold.

"But apart from this aspect of the question, there is another to which I may bespeak the attention of the Council. This is the question of the want of an uniform plan on which the present system of provincial settlements is based. Taking for this purpose the figures of the year 1908-9 as given in the 'Finance and Revenue Accounts of the Government of India' for that year—the last for which the accounts are available—we find that the percentage of revenues appropriated by the Imperial Government ranges from 30 per cent. in the Central Provinces and Berar to over 44 per cent. in the United Provinces and over 45 per cent. in Madras. In the above calculation I have left out of consideration the revenues derived from customs, salt,

[*Mr. Sachchidananda Sinha.*]

opium and tributes from Indian States, as, though the two former are nominally included in the revenues collected in particular provinces, their weight falls over the whole country, while the two latter are not paid by the people. Leaving these four sources of revenue out of consideration and confining ourselves to the major heads, we arrive at the following results :—

Name of Province.	Total Revenue.	Provincial share.	Imperial share.	Percentage of Imperial to Provincial.
	Rs.	Rs.	Rs.	
Central Provinces and Berar	2,91,89,432	2,03,29,962	88,59,470	30
Bombay	7,77,45,900	5,30,03,212	2,47,42,688	31·8
Burma	6,37,62,093	4,12,56,256	2,25,05,837	35
Lower Provinces . .	7,34,38,653	4,61,27,151	2,73,11,502	37
The Punjab . . .	3,46,44,414	2,09,47,387	1,36,97,027	39
Eastern Bengal and Assam .	4,21,22,296	2,50,54,938	1,70,67,358	40·5
United Provinces . .	9,00,41,330	4,99,22,552	4,01,18,778	44·4
Madras	9,92,58,265	5,38,19,662	4,54,38,603	45·5

"Out of a total revenue of nearly three crores in the Central Provinces and Berar the Imperial Government takes a little over 88 lakhs and a half, or 30 per cent. of the whole. In Bombay, out of a total revenue of over $7\frac{3}{4}$ crores, the Imperial Government takes nearly $2\frac{1}{2}$ crores, or 31·8 per cent. of the whole. In Burma, out of a total revenue of nearly $6\frac{1}{2}$ crores, the Imperial Government takes just a little over $2\frac{1}{4}$ crores or 35 per cent. of the whole. In the Lower Provinces, out of a total revenue of a little over $7\frac{1}{3}$ crores, the Imperial Government takes nearly $2\frac{3}{4}$ crores, or 37 per cent. of the whole. In the Punjab, out of a total revenue of nearly $3\frac{1}{2}$ crores, the Imperial Government takes a little over $1\frac{1}{3}$ crores or 39 per cent. of the whole. In Eastern Bengal and Assam, out of a total revenue of nearly $4\frac{1}{4}$ crores, the Imperial Government takes nearly $1\frac{3}{4}$ crores, or 40·5 per cent. of the whole. In the United Provinces, out of a total revenue of a little over 9 crores, the Imperial Government takes a little over 4 crores or 44·4 per cent. of the whole. In Madras, out of a total revenue of nearly 10 crores, the Imperial Government takes well over $4\frac{1}{2}$ crores or 45·5 per cent. of the whole.

"My Lord, the diversity brought out by the above statement is too marked, and though there might be good reasons for it, yet, I confess, that to the average person, the system seems to be more or less arbitrary. I trust I am not asking too much in expressing the hope that the Government of India will be able in due course to see their way to so adjust their financial relations with the Provincial Governments as to leave them not less than two-thirds of the revenues raised in the province. At present only two of the provinces, namely, the Central Provinces and Berar and Bombay, have at their disposal two-thirds, or rather a little over two-thirds, of their revenues; all the other provinces are laid under contribution by the Imperial Government in a larger measure, the percentage being the highest in case of the United Provinces and Madras. If the Government of India could only bring themselves to limit their demands to one-third of the revenues raised in the provinces, it would mean a substantial relief to six of our larger provinces and but a slight strain to the resources of the Central Provinces and Bombay, which at present retain just a little over two-thirds. It will no doubt be said that any

such adjustment will materially cripple the resources of the Government of India, but surely when the Provincial Governments are being called upon to practice retrenchment and economy, and to 'mitigate future difficulties by examining the causes of the insidious growth of expenditure and by sharply checking them', it is not too much to expect that the Government of India will not be content with merely offering precepts to the Provincial Governments but will set an example to them 'by examining the causes of the insidious growth' of their own expenditure, which has been going up at an alarming rate during recent years 'and the steady growth of which', the Finance Minister has told us, he views 'with grave anxiety.' Retrenchment and economy might well begin with the Government of India, and an ounce of practice by the Imperial Government will be certainly better than a ton of precepts to the Provincial Governments. It is not necessary for me to deal here with the specific proposals to reduce the expenditure of Government of India, as they have been made from time to time, by Indian public men both in and outside the Council, and they merit careful consideration at the hands of the Government.

"My Lord, the broad, outlines of the economic conditions of India are such that he who runs may read. A very poor country—one of the poorest in the world—has to sustain the fabric of a very costly system of administration, the revenue and expenditure of which at best balance in average years, even if—as in the forthcoming year—no additional taxation is necessary in normal times to avoid a deficit. The incidence of taxation—relative to the tax-paying capacity of the people—is at a high level, and which cannot be enhanced except by inflicting upon them some kind of privation of even the necessaries of life—as in the case, for instance, of the enhanced duty on petroleum. Of the revenues raised, comparatively speaking, a much smaller sum than is absolutely necessary is left at the disposal of the Provincial Governments for expenditure on such works of public utility and beneficent measures as are indispensable for raising the material and moral condition of the people; while by far the larger proportion of the revenues is spent on the army, which alone absorbs more than the total land-revenues, and on other departments. At the same time, we are face to face with diminishing returns in the opium-revenue and threatened, in course of time, with its disappearance. Though much is heard of the recuperative powers of India, it is difficult to contemplate with equanimity the present financial position of the country, specially in view of the threatened extinction of the opium-revenue. With the new imposts recently levied, we have reached the farthest limits of taxation, while our growing requirements, specially for education and sanitation, will make a heavier demand in future on the Finance Minister's resources. These broad facts of our economic situation have got to be grappled with in such a way as will redound to the prosperity of the people, without a sacrifice of efficiency in administration. I have no doubt that Your Excellency's Government, which has done much for the progress of the Indian people, will not fail to devise schemes which will meet with the requirements of the situation. In the meantime, I earnestly hope that the Government will devote a substantial portion of the surpluses to two such beneficent objects as education and sanitation, which are the crying needs of the country. Such a response on the part of Your Excellency's Government to the appeals of the Indian members of this Council, who have pressed the Government to be generous in expenditure under these two heads, will not only evoke their gratitude but of the educated Indian community throughout the Empire."

The Hon'ble SIR SASSOON DAVID said:—"My Lord, I rise to say a few words regarding the characteristics of the Budget for the year 1910-11.

"As a merchant the taxations embodied in the Budget suggest to me the term 'chow chow' or peddling. It will, I think, produce the minimum of revenue with the maximum of disturbance and anxiety in a number of directions. If there was any real necessity for enhanced taxation, it would, I think, have been much better to increase the import-duties generally, by say 1 per cent., which would, I see, yield something like Rs. 1·4 crores.

[*Sir Sassoon David.*]

"The stamp-duty as modified will bring in a small revenue, and I wish Government had seen their way to omit it entirely. The revenue to be derived from it will, I think, be found to be far from commensurate with the annoyance caused. If, in the place of this duty, Government would make compulsory the registration of transfers of shares, the effect would be not only to acquire a substantial sum in revenue without friction, but to institute a system greatly neglected in several parts of India.

"The silver-duty has awakened serious anxiety about India's trade with the silver-using countries. . . .

"The tobacco-duty I admit was justifiable, but I see it has evoked a singularly unfortunate suggestion as coming from England—that of an excise-duty upon Indian tobacco. I earnestly hope that means will be found to close at once the discussion of a project that is sinister both in nature and origin and, as I believe, quite impracticable in maintaining a staff capable of collecting the excise.

"I must advert again to the silver-duty, not with the intention of repeating what I said on a previous occasion but because it seems to me important to nail to the counter one or two arguments that are fallacious to a dangerous degree. One of these is the contention that the large extent of India's imports of silver proves that the business is very profitable. I assert, on the contrary, that it is precisely the enormous volume of India's imports of silver that satisfies the market and keeps profit on a single operation at a moderate level. This is in accordance not only with theory but with practice. The price of silver is ruled by the London and New York markets, and its price in India follows the Home rates closely. I see that it has been stated that the effect of the enhancement of this duty in the world's price of silver must be small. I do not know on what figures the estimate was based. I find however that the world's production of silver is some 174,000,000 ounces on the average of the 5 years ending 1908-09, and that in the same years India imported nearly 101,000,000 ounces per annum or about 58 per cent. of the total. It seems clear that if, as is argued, the effect of enhanced duty is to raise the value of silver as a store of value, existent silver hoards must appreciate and further hoarding be for a time discouraged. By my reckoning, India should under such conditions only take about 51 per cent. of the world's silver instead of 58 per cent. I make no prognostication as to the decline likely to appear in the world's price, but, I do not doubt, the decline will be sufficient to be felt in our trade with the silver-using countries.

"I do not propose to recapitulate the burdens under which the Indian cotton-industry is suffering at this time, but I am sorry that there was not on the Government side a more frank admission of the reality of the fresh burden to be imposed by the new silver-duty on the trade with the Further East. It may be worth while to give one or two figures that show how that important branch of the trade is already being impaired. It should be borne in mind that formerly Japan was amongst one of our best customers, and in 1888-89 she took from us more than 23 million pounds of yarn. Now she takes none, but takes instead, large quantities of raw cotton, thereby raising the price of our raw material while lowering the price of our finished products in the Chinese market. The largest quantity of raw cotton shipped to Japan in a single year was 2,526,200 cwts. in 1901-02. But in the eleven months of the current year 1909-10 no less than 2,873,400 cwts. have been shipped. In the face of these facts and of the increasing activity and efficiency in the Chinese spinning-industry it is vain to pretend that India's trade with the Further East is in a position to stand any superfluous handicap whatsoever, and I foresee injury to India's cotton-industry from duties that have now been imposed.

"My practical knowledge of the opium trade may perhaps be accepted as atoning in some measure for the fact that I am personally interested in it. It may perhaps be useless at this time to suggest a doubt as to the expediency of the abolition of this trade at the expense of the Indian tax-payer who will

before long have to make good a lost opium-revenue of five or six crores of rupees annually, while the balance of trade will be weakened by a shrinkage of some ten crores in India's export.

"I have already asserted that the estimated price of Rs. 1,750 per chest for next year is too low. The first sale in the new financial year takes place in a week. I prophesy that it will bring in about Rupees thirty lakhs in excess of the estimate for that month. At the end of the year, if no change be made in the programme, there will be an excess on this account amounting to not less than $3\frac{1}{2}$ crores. This is more than double the Budget deficit, and I hope that this excess will not be presented to us as a windfall of an entirely unexpected kind and be expended in the manner commonly associated with windfalls.

"It is accepted that China has greatly restricted poppy cultivation. But China is notoriously going through a process of awakening which demands money. Opium cultivation is a possible source of revenue. Is it certain that all Chinese Finance Ministers will be able to resist temptation? We know that it is not; and if one should fall, what will be the result? India will have sacrificed a large revenue, China will enjoy it in her place. And the position of the user of opium in the Far East will be as at present. For this reason I urge that under any further international agreement that may be concluded the continued abstinence of India from engaging in the opium trade should be made contingent on the perpetual abstinence of China. This will not only secure to India the right to protect herself in the event of a backsliding on the part of China, but it will pretty nearly ensure the furtherance of those philanthropic aims for which we have to pay so dearly.

"Turning to the question of the Gold Standard Reserve, the Hon'ble the Finance Minister in his speech of the 25th February 1910 said:—

'The whole of our coinage profits without reservation will be paid into the Gold Standard Reserve until such time as the gold *held* by us, in *that Reserve and in the Paper Currency Reserve combined*, reaches the figure of £25 millions sterling.'

(1) When referring to the '*gold held by us*' does Government mean only 'gold coin and bullion' or 'gold securities and gold coin and bullion'?

(2) For fixing the limit, if any, up to which profits on coinage must be credited to the Gold Standard Reserve, I deprecate the combination of the Gold Standard Reserve, with the Paper Currency Reserve or with any other Reserve.

"Gold in the Gold Standard Reserve is the true Reserve, whereas gold in the Paper Currency Reserve resembles rather working capital, as part of the security for currency notes in circulation.

"Suppose at a given date Government decided to give an order to buy silver and coin rupees.

"Suppose at that date the gold in the Gold Standard Reserve and Paper Currency Reserve together exceeded £25 millions.

"Under the new scheme the profit on the coinage of the said rupees need not be credited to the Gold Standard Reserve, no matter how large a proportion of the said £25 millions be held in the Paper Currency Reserve.

"Suppose the proportion to be £15 millions in the Gold Standard Reserve, £10 millions in the Paper Currency Reserve.

"Supposing also that the year following the said order for coinage were a bad one, it might conceiveably happen that the £10 millions of gold would leave the Paper Currency Reserve and the total gold would thus be reduceed to £15 millions.

"And if the next year were good and the gold came back again Government might again give an order for coinage, the profit on which would not be credited to the Gold Standard Reserve.

"Thus it might happen over a series of cycles of good and bad years that no further additions from coinage profits were made to the Gold Standard Reserve,

[*Sir Sassoon David ; Mr. Meston.*]

which would remain at £15 millions, in spite of Government's increase liability in respect to the fresh rupees coined during that period.

"Therefore in that case the true reserve would be in my opinion only £15 millions, not £25 millions, whereas £25 millions appear to be none too much as a minimum true reserve.

"Consequently I think the limit, if any, should be fixed only for the gold in the Gold Standard Reserve, quite irrespective of the gold in Paper Currency Reserve or in any other Reserve."

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The Hon'ble MR. MESTON said:—"I wish to say a few words about our Currency policy, more especially with reference to the Gold Standard Reserve. I am grateful to the Hon'ble Sir Sassoon David for giving me an opening on the subject, for otherwise it would have been difficult to break the traditional practice by which Government makes its statement of Currency progress once a year and then stands to be shot at for the rest of the twelve months. But the firing this year has been particularly active, the aim has generally been indifferent, but all sorts of bullets have been used,—not always in accord with the Geneva Convention! I have collected a few specimens which may interest the Council. To our old and valued critic, Mr. Webb of Karachi, I need only refer very briefly. He hits hard, and he generally hits fairly, but his recent catalogue of our 14 deadly sins in currency was a volley that went, in my humble judgment, a little wide of the mark. There is, however, a much more inveterate sniper, Mr. Moreton Frewen. In a long series of attacks which he has scattered over the Press of three continents, he has accused our Currency policy, among other gentle arts, of the following:—abolishing the Decalogue, famines, drunkenness, thieving, and wholesale manslaughter, to which he, or one of his disciples, has thrown in the unrest in India, bombs and the deportations. Thus Mr. Moreton Frewen, fresh from the Far West. It would be very wrong and mischievous all this, if it were not so ludicrous, so laughably overdone. The Hon'ble Sir Sassoon also comes from the west, but he has dealt with us very tenderly to-day.

"What our more temperate and thoughtful critics generally urge is the complaint that we are not sufficiently steadfast in our Currency policy and that we allow our Gold Reserve, which is the backbone of our Currency, to be manipulated too largely in the interest of the London market. In developing their indictment, they lay stress on three main counts:—

(1) that our Reserve is not big enough,

(2) that it is not held in India, and

(3) that it is not held in solid gold.

"I should like to say a few words on these charges: I will try to show that there is another side to each of these questions, a side of which we never seem to hear very much, and then I shall leave it to the Council to form their own judgment on the points at issue.

"On the first charge, we are told that the Reserve should be allowed to grow to a much more imposing figure than any that has yet been named. The Hon'ble Finance Member explained in his speech introducing the Financial Statement that we mean to accumulate gold up to 25 millions before we divert any of our coinage profits to other purposes. Our critics say that 25 millions indicates an altogether imperfect recognition of our liabilities. Well, does it? In theory, we ought to accumulate gold enough to ensure the convertibility of all the rupees in circulation. How much that would be, is difficult to say—probably about 160 millions; a much higher figure if we include hoardings and rupees which are in other ways out of circulation. Any how we may take the figure as somewhere between 150 and 200 millions sterling; and of course that figure has only got to be named to show how much room there is for difference of opinion as to the exact amount that we should put into our Reserve. As a matter of practice, we know that no substantial fraction of the total circulated is ever likely to be called upon. Rupees are

[*Mr. Meston.*]

not like bank notes: you cannot conceive every rupee being collected in haste, as people collect their notes for a run on a bank, and hurried off to our Currency centres to be exchanged for gold. The whole life of the country would be paralyzed. I need not labour the point. But I go further and say we could hardly conceive any substantial part of the circulation suddenly being thrown upon our hands. There is a natural limit to the possible drain on our gold. Everything which tends to contract the circulation also tends to make further contraction more difficult. Discount rates are affected, prices of imports rise, imports are checked and exports encouraged, and so more Currency is wanted again and equilibrium is gradually restored. If we can weather this process with our Reserve, then our Reserve is strong enough for practical purposes. In 1907-8 we found 8 millions enough to keep our system afloat. The test was not so severe as can be easily imagined, but if we build up 25 millions, and if the Secretary of State covenants—as he has done—to make the whole of it readily available at need, and if he is prepared, should the worst come to the worst—as I have every hope he would be—to supplement our Reserve, if needed, by gold borrowings—then I would ask the Council if they see much wrong with the 25 million standard, not in theory but as a working business proposition.

"But in the second place, we are asked, why not hold our Reserves in India? Every sovereign that we now hold in London should be realized and shipped out here, to be kept in our currency vaults in Calcutta. Well, Sir, I have used every endeavour to get at the foundation of this belief. I have discussed with all sorts and conditions of men and I have had to come to the conclusion that it is very largely sentimental. It would be very wrong to decry sentiment. Even in the money market, sentiment exercises a great deal more influence than we often imagine. But I do not think it carries us through this problem. The gold, say our critics, belongs to India, and we should have it in our own land. Its mere presence would give people a confidence in the reality of our Gold Standard which no amount of published accounts can give, and we could always stop a slump in exchange by opening our vaults and pouring out our gold.

"Now, the other side to this question is this. We do keep a supply of gold in India—nearly 6 millions today—and we are ready to hand it out in support of exchange when the people are genuinely willing to take it into circulation as a substitute for silver. But when a slump in exchange threatens, what is really wanted is gold for export; and instead of giving the trade gold in Calcutta which they will have all the trouble, expense and delay of shipping to London, is it not much easier and in every way more satisfactory to give them an order on the Bank of England, where they will find the gold already exported for them, ready for immediate use at the centre where it is wanted and where a fall in exchange can be most effectively countered. That is what we arrange, and I think the practical considerations far outweigh the sentimental.

"Thirdly—and this is the chief accusation against us—the Reserve should be kept in solid gold, and not invested. Its investment, we are assured, is simply a device to gratify the City, who make a convenience of our gold and drive India's interests to the wall. Time is too short to give you the other side of this story so fully as I should like. But I would only ask you to remember this. It is in London that we raise practically all our loans for our railways and our canals, it is from London that our commerce and industry draw the funds which are necessary to their development, London is the clearing house of our trade with the world. We have no wish to feed the speculator in Throgmorton Street, but we must walk carefully when there is any danger of disturbing the chief gold market of the world, or of creating or exaggerating any gold stringency which will react on Indian finance as surely as the day follows the night. I do not think that any one will question the skill with which the Secretary of State and his advisers have handled our sterling loans and all the complicated problems of our remittances between England and India. I submit that we should give them credit for equal skill, and for an equally vigilant watch over India's interests, in their custody of our Gold Reserves. I must now end. We have passed through many

[*Mr. Meston.*]

changes in Currency policy and made not a few mistakes. But the broad lines of our action and our objects are clear and unmistakeable, and there has been no great or fundamental sacrifice of consistency in progress towards our ideal. Since the Fowler Commission that progress has been real and unbroken. There is still one great step forward before the ideal can be reached. We have linked India with the gold countries of the world, we have reached a gold exchange standard, which we are steadily developing and improving. The next and final step is a true gold currency. That, I haveevery hope, will come in time, but we cannot force it. The backwardness ofour banking arrangem ents, the habits and suspicions of the people, the infancy of co-operation,—all stand in the way. But the final step will come when the country is ripe for it. I trust that will not long be delayed; for when it comes, it will obliterate all the mistakes, all the inconveniences, all the artificialities, of our present position. In the meantime I would ask our critics to continue to help us with their advice, and to assist us in carrying out the development of the policy, not on grounds of theory, not in an economic vacuum, so to speak, but in touch with the realities of business and the wide interests of Indian finance.

"I cannot sit down without acknowledging the compliment which the Hon'ble Mr. Gokhale has paid me in today's debate. The Hon'ble gentleman has reminded me that he is a veteran in this Council, and that I am only a newcomer. I fully admit the truth of this: and if a newcomer may venture so far, I would like to express the admiration which we newcomers feel for the high influence which the veteran so clearly exercises and for the high level to which he has raised the debates in this Chamber. When therefore the veteran mounts his biggest war horse and orders out his longest spear, to tilt at one of the newest of his colleagues, I take it as a true compliment.

"But in his onslaught, the veteran has made free use of a very old trick, the use of the red herring. On the occasion to which Mr. Gokhale refers he had assured the Council that our estimates of revenue for next year are under the mark; and he built up his argument on the contention that our Bengal opium is likely to give us at least Rs. 250 a chest more than we took in the Budget, *i.e.*, our revenue forecast is really some 90 lakhs short of what we are certain to get under this head alone. In answering Mr. Gokhale, I made a casual opening remark about the unusual character of his argument, and then went on to say that even if he was right in his opium estimate, we should have been very imprudent to budget for and spend an abnormal receipt of that nature. With Your Lordship's permission, I will quote exactly what I said. It was this:—

'If the receipts from opium in the near future should rise far beyond our expectations as the result of an artificial market, let us treat the excess as a windfall. That is virtually what we have done this year. It is what I hope the Government would be prepared to consider should similar conditions recur. I have no desire and no authority to commit the Government in this matter in any way; but if the market should happen to yield the extra 90 lakhs which the Hon'ble Mr. Gokhale hopes for, I trust that the money will not be spent in recurring expenditure which will only increase our difficulties hereafter, but will be in some way reserved for special purposes which we have been unable to provide for in the budget now before the Council.'

"Now, the Hon'ble Mr. Gokhale has taken my innocent opening casual remark as his red herring and dragged it across the trail of the whole question of the opium revenue. For what does he propose today? He advises Government to fix a descending scale of revenue from opium so as to discount the inevitable fall: and he then urges that any revenue which we may get from the artificial prices now ruling should be set apart outside the ordinary expenditure of the year, for some beneficent purpose. In what respect does this differ from the suggestion which I hazarded on the 4th of March, and what has become of the Hon'ble gentleman's strictures on our under-estimates? I can assure him that the descending scale of revenue which he advises has already been framed in the Finance Department, and that his views are welcomed as strong support of the course which some of us would like the Government of India to follow. He and I are on the same trail, and I hope that he will now bury the red herring."

[*Kanwar Sir Ranbir Singh; Babu Bhupendra Nath Basu.*]

The Hon'ble KANWAR SIR RANBIR SINGH said:—"My Lord, before offering any remarks on any of the points that have been under discussion during the present Budget debate, I venture to say a few words regarding the peace and comfort we are enjoying under the just and benign rule of the British Government. To enumerate the advantages and improvements of the last forty years is no easy task, and one which will fill volumes. But I may be allowed to refer to a few matters which are none the less important—I mean the participation of the educated Indians in the administration of the country. The number of Indians appointed to the most important posts in all the Departments of Government is daily on the increase, and this is a state of affairs that cannot but fill the hearts of all Indians with feelings of gratitude and thankfulness. The increased outlay on railways is not without its advantages, when we consider the facilities in communications and the opening up of undeveloped areas. Similarly, the beneficial effects of irrigation are boundless. The activities of Government in various other directions afford us ample scope for satisfaction. The freedom of speech and the opportunities for a full discussion of public affairs in the enlarged Councils are boons which cannot be forgotten.

"Turning to the points in the present debate, there is one to which I attach particular importance, namely, the general state of education in this country. I think that the present system is one which requires overhauling; though there has been a great deal of discussion on introducing free primary education into the country, yet the want of free intercourse and the exchange of ideas between teachers and students appears to me to be a point which requires early attention. Another defect is that the boys enter into political discussions too early, when they have hardly any definite aims and objects. It is this matter on which Indian parents above all things, as well as the teachers, should exercise their influence, and exert their utmost to keep the boys away from politics. A system of education on a residential basis, which will afford ample opportunities for free intercourse between the teachers and the students, cannot but be productive of excellent results, and I trust the Government will see fit to take steps towards the achievement of this object."

The Hon'ble BABU BHUPENDRA NATH BASU said:—"My Lord, the one noticeable feature about the Budget is the imposition of new taxes following years of surpluses. My friend the Hon'ble Finance Member ascribes this situation to the shrinking opium revenue and to the increasing cost of the new province of Eastern Bengal and Assam. As regards this opium revenue the shrinkage was foreseen years ago. I wish, my Lord, that this increasing cost of the Eastern Bengal province had also been foreseen. Unfortunately, buried in huge surpluses, the Government in those days were unable to see into the future. Lord Curzon was pleased to say that the reduplication would cost India eight lakhs of rupees a year, and His Lordship with his characteristic eloquence said that that would be a very light cost for the inestimable blessings that the new province would enjoy. My Lord, light cost indeed! These inestimable blessings have cost us innocent lives of men and women, they have cost us very repressive legislation one after another, they have compelled our Ministers to travel to Austria and Russia for precedents in the administration of British territory, they have cost us, my Lord, what we were ill able to spare—the good relationship which ought to exist between the rulers and the ruled.

"My Lord, the Finance Member has said that we are abandoning to East Bengal £255,000 out of land-revenue and we are making a cancellation of the overdraft in regard to opium and paying the Government of East Bengal on a substantial basis by giving it a minimum cash balance of 12 lakhs. The Finance Member makes a present of another £246,000. Roughly they come up to about 80 lakhs or a little more. If this were all, if we felt that these 80 lakhs would meet the demands of East Bengal, something might be said. But we have recently had before us the Financial Statement which the Hon'ble Mr. Kershaw of that province has placed before the country. He says that the

[*Babu Bhupendra Nath Basu.*]

Government of India have undertaken to pay the charges of the Port of Chittagong. He has also indicated five large schemes of administration—very big schemes, indeed, my Lord, which he knows are imperative and which he says the Government of India have undertaken to finance out of its surpluses.

"I do not see those surpluses, they have vanished like the proffered millions, and I do not see how sustenance may be found for the discarded bantling of Lord Curzon. We have taxed petroleum, a prime necessity, notwithstanding what has been said, to the peasants of India. I have no doubt that the peasant of India will follow the sagacious advice of the Finance Member and to save his oil will practice the good old maxim of 'early to bed and early to rise,' but he will be a sadder, if a wiser, man. Lord Curzon gave us an assurance when he launched forth this scheme of the partition of Bengal—reconstruction as he was pleased to call it—gave us the assurance that the cost would be light and the benefits would be great. He had also said that the cost of housing this reduplicated machinery would only be about 8 or 9 lakhs of rupees. In answer to a question of mine it has been elicited that more than a crore of rupees has been spent in these last five years for housing this reduplicated administrative machinery. Lord Curzon was in great haste: he pointed out to the Secretary of State that if time was given those troublesome agitators who were fighting against the partition would carry on the agitation, and he urged upon the Secretary of State to consummate the measure of partition as soon as he could, with the least possible delay, as Lord Curzon expressed himself, and the result was that the Government of East Bengal was held under canvas and in borrowed houses for a long time. All these were pointed out in a memorial to which I am glad to find amongst the signatories were my Hon'ble colleagues, the Raja Bahadur of Dighapatia and Maulvi Syed Shamsul Huda, pointing out the heavy outlay which the new province would entail upon the resources of the country. To all those remonstrances Lord Curzon, like the proverbial adder that 'stoppeth her ear, which will not hearken to the voice of the charmer, charm he ever so wisely,' turned a deaf ear. The cost of administration has risen from 3 lakhs before the partition to 13 lakhs to day. The cost of inspection on education has risen from Rs. 50,000 to 5 lakhs; there has been a large increase in the cost of police administration. My Lord, hand to hand, there has been an increase in the cost of education, for imparting, for forming, for expanding the mind of the youth of East Bengal, and increased cost in police for putting that mind under fetters. My Lord, in all this cost not a single rupee has been taken as the cost of maintaining the High Court, the entire burden of which falls upon the shoulders of West Bengal. We maintain the fifteen judges and the whole staff of the High Court. There are other heads which I have not got the skill nor the materials to discover, items of expenditure lurking under other heads as in the case of the great pageant at Delhi which was shown to have cost the country practically nothing. My Lord, with this growing expenditure, with the five schemes still to be carried out, with the demands of the Eastern Bengal Province, how are we to cope? Your Lordship will remember that more than half of the area of the Eastern Province is covered by Assam, and more than half of Assam is covered by jungle: there is no prospect of an increasing revenue, and it stands to reason that all this increasing cost will fall ultimately upon the shoulders of all India.

"This has been the financial result of the new province. I have got something else to say, but as I am limited to time I would ask Your Lordship's leave to read my speech rather than deliver it as regards that portion. I believe it is no longer necessary for me to demonstrate the unwisdom of the measure; men better competent to judge than the people concerned have recorded their opinions against it. Lord Macdonnell, than whom a higher authority on Indian affairs so thoroughly conversant with Bengal does not exist, pronounced it to be the greatest blunder of British Government in India since the Battle of Plassey. In the famous debate in the House of Lords, no one was willing, not even Lord Curzon, to acknowledge its paternity. My Lord, it was openly asserted that the measure was intended to divide and weaken the Bengali community; it was a serious charge to make against the

[*Babu Bhupendra Nath Basu; Sir Harvey Adamson; the President.*]

Government of the country. It was repeated in the House of Commons. It has never been denied. I shall quote from the speech that Lord Morley, then Mr. Morley, made in the House. He said—

'So far as my information goes I cannot assent to the views of those gentlemen who have said that the movement for the partition of Bengal arose from political motives and from the desire to repress the expression of its political opinion. Whether the original motives may not have taken on some colour of that kind I am not in a position to affirm or deny.'

"This shows, my Lord, the real force of the opposition, this shows—"

The Hon'ble SIR HARVEY ADAMSON: "I submit that the Hon'ble Member is out of order. This has no relevancy to the Budget."

His Excellency THE PRESIDENT:—"I think the Hon'ble Member is out of order. I must ask him to confine his remarks to the Budget."

The Hon'ble BABU BHUPENDRA NATH BASU: "As your Lordship pleases. My Lord, we Indians owe to Your Lordship a debt of gratitude which we can never hope to repay. Your Lordship's quiet and dignified attitude amidst gathering clouds and brewing storms, betokening that rare virtue, the courage of the spirit, has reminded us the Hindus of India that the days of our 'Rajarshis', the sovereign and sage, are not yet over. You have not suffered the misdeeds of a few perverted and fanatical youths to divert you by a hair's breadth from the course that Your Lordship set before yourself in the discharge of your high duties. You have allowed misrepresentation of your conduct and action to pass by you as the idle wind. My Lord, whatever may be our differences in the way that the great reforms inaugurated by you have been put into execution, we frankly acknowledge their generous and far-reaching character, and in the fulness of time, when they will bear fruit, Your Lordship's name will ever be remembered and cherished as the great ruler from whom emanated India's first charter of constitutional government. My Lord, you have liberated the deportees, amongst whom were men held by us in the highest esteem for the purity and piety of their life, from their silent prison. You will excuse the liberty if on behalf of the people of Bengal and in their name I venture to offer Your Lordship our humble thanks for your noble and kindly act in the face of the embarrassments confronting the Government. My Lord, will it be too much to appeal to you in the closing year of Your Lordship's administration to mitigate if not to undo the great wrong done to Bengal? As to the character of the measure and how it was carried out, I shall again take the liberty of quoting from Lord Morley. Referring to the partition of Bengal he said:—"It was, and remains, undoubtedly an administrative operation which went wholly and decisively against the wishes of most of the people concerned. Whether the partition was a wise thing or not when it was begun, I am bound to say nothing was ever worse done so far as the disregard which was shown to the feeling and opinion of the people concerned." My Lord, we do not desire that the privileges and advantages which the partition has conferred on our Muhammadan fellow-subjects in East Bengal or on the people of Behar should be curtailed by a single iota. It stands to reason that in East Bengal, where the Muhammadans form two-thirds of the population, and Beharis in Behar should have the full benefit of their numerical strength: it also stands to reason that communities which through untoward circumstances have come to be looked upon as backward now, should have special facilities accorded to them. Lord Curzon while touring through East Bengal drew a vivid and alluring picture of the greatness in store for the town of Dacca and the port of Chittagong, for the people of East Bengal in general and the Muhammadans in particular if they were severed from West Bengal. May every line of that picture be realised! But, my Lord, that is not the way of Government, alluring individuals and communities from their common allegiance. History knows it by an

[*Babu Bhupendra Nath Basu; the President; Sir Harvey Adamson; Mr. Lyon.*]

unpleasant name. My Lord, I shall quote again from the writings of Lord Morley, which to me have been a constant source of profit and inspiration. 'Moral forces decide the strength and weakness of constitutional contrivances. The hunger for breakfast and dinner has not been the master impulse in the history of civilized communities. Selfish and interested individualism has been truly called non-historic. Sacrifice has been the law-sacrifice for creeds, for churches, for kings, for dynasties, for adored teachers, for native land.' However that may be, I can assure Your Lordship that we Hindus of Bengal are prepared to enter into a solemn league and covenant to give up, if need be, all our claims to the expanded Councils, all our claims to Government emoluments, if only our Province is reunited."

His Excellency THE PRESIDENT: "I must again interrupt the Hon'ble Member. The question of reuniting the Provinces of Bengal and Eastern Bengal and Assam has nothing to do with the Budget, and I must again ask the Hon'ble Member to confine his remarks to that subject."

The Hon'ble BABU BHUPENDRA NATH BASU:—"As Your Lordship pleases. I do not wish to go into the question of reconstituting Bengal on different lines, except on the ground of financial relief.

"If it can be reunited, if it ought to be reunited, if for nothing else but financial grounds, what is it that stands in the way? Is it a feeling that any such attempt would be interpreted as a sign of weakness: my Lord, we ourselves have never looked upon an act of grace on the part of those who have the power to bind and to unloose as a sign of weakness. An act of justice will not weaken but strengthen the prestige of an all-powerful Government."

The Hon'ble SIR HARVEY ADAMSON:—"I submit the Hon'ble Member is more out of order than before."

His Excellency THE PRESIDENT:—"I am afraid I must again call the Hon'ble Member to order. I have already twice called him to order."

The Hon'ble BABU BHUPENDRA NATH BASU: "In giving to India a constitutional government, in releasing the deportees, in appointing our countrymen to high offices of state, Your Lordship has disregarded the fears of the weak, and the misgivings of the timid. Have these acts been treated by the Indians as signs of weakness?"

His Excellency THE PRESIDENT:—"I must again interrupt the Hon'ble Member. He is making a purely political speech on the state of India. The release of the deportees has nothing to do with the Budget, and I must again ask him to conform to the rules of this assembly."

The Hon'ble BABU BHUPENDRA NATH BASU:—"As Your Lordship pleases. I was only thanking Your Excellency for having released the deportees and did not intend to deal with the subject of deportation at all. By your recent acts you have rallied round yourself and the Throne of England all the forces of law and order in this vast continent. Do us this supreme act of justice and your name, my Lord, will live through passing centuries as one of the great benefactors of India, as one of the strongest pillars of British rule, proclaiming to unborn generations and distant time, like the monoliths of Asoka, a message of peace and good will from England and India."

The Hon'ble MR. LYON said:—"My Lord, Your Lordship's ruling with reference to a great part of the Hon'ble Member's most earnest speech—and I am sure all Hon'ble Members will recognise the earnestness with which he has spoken—has relieved me from something of a dilemma, as I am sure it would have taken me a good twenty minutes to lay before the Council the other side of the partition of Bengal, and then I should have had to ask for the indulgence

[*Mr. Lyon.*]

of Your Lordship for some little time to talk about the Budget. However, I think but a few words will be sufficient to deal with the financial side of the partition. There has been a great deal of exaggeration about the cost of the partition. The critics of that measure have recently been communicating their views on the subject to the Press at length, and they and the Hon'ble Member have left the impression of enormous sums expended as the cost of the partition. I think this exaggeration may be best explained to the Council by an analogy. Most Hon'ble Members of this Council know that in a well known game it is customary to divide your score by ten or a larger number before you record it. I think in this case it is the invariable practice to multiply by ten or a larger number before you make the record. The actual figures are now before us in the statement *, which has recently been placed before the Council. It has been shown that the partition of Bengal has cost ten lakhs of rupees in recurring charges, and that sum may be arrived at from calculations other than those given in the statement which was laid on the table today. In the settlements that were made in 1906-07 in the two provinces after the partition, the basis taken was the actual expenditure in these two provinces at the time of partition. That is, the estimates of expenditure for the year 1905-06 were taken as the actual expenditure of the time, and an addition was made on the side of Eastern Bengal and Assam of nine lakhs to meet the cost of the partition, while four lakhs were added to Bengal on account of the transfer of Sambalpur from the Central Provinces. The total of the existing expenditure in the two provinces taken together in Bengal and the old province of Assam was 684 lakhs, 606 lakhs for Bengal and 78 lakhs for Assam. The total of the expenditure allowed for in the new settlement which was made the year after the partition was 697 lakhs, the difference of 13 lakhs being due to the additions that I have mentioned. But in addition to this recurring cost there is a statement showing the non-recurring expenditure as 56½ lakhs, and I invite attention to the fact that the sum of over a crore which has just been mentioned as expended on buildings in Eastern Bengal has practically nothing to do with the partition. The Hon'ble Member has added up the whole expenditure on buildings in our large province and has implied that there would have been no expenditure on buildings in the province if there had been no partition. I need scarcely point out that there are vast sums spent on buildings in every province in India. The actual sum is 56½ lakhs of rupees, which is still in course of expenditure in the province. But this sum has nothing to do with the present financial position, and I think the Hon'ble Finance Member will bear me out in this statement. Thirty lakhs of rupees were given to the province as an initial grant to meet this expenditure four years ago, and the remainder of the expenditure, except a small amount paid by Imperial Departments, has been met by the province out of its ordinary resources. Therefore, the 30 lakhs that were given to the Provincial Government four years ago and were provided for in the estimates of that year disposes of this question of 56½ lakhs so far as the present financial position is concerned, and I do not think that anybody will argue seriously that an addition of ten lakhs of rupees to the provincial expenditure of one province four and a half years ago is the cause of the imposition of additional recurring taxation amounting to a crore and a half in the present year. It may be argued however—in fact it has been argued by my Hon'ble friend—that the whole cost of the partition was not arrived at in the year it was carried out, and that there has been an enormous increase in expenditure since which is partly due to the partition. I do not think that an examination of figures will support this. The increase in the expenditure of the two Bengals has been 28½ per cent. in the last four and a half years, that is, it has risen from 684 lakhs in 1905-06 to 880 lakhs in 1910-11. In the same time the expenditure of Bombay has risen by 26½ per cent. without any partition; the expenditure of the United Provinces has risen by 47 per cent. without any partition; the expenditure in Madras has risen by 62 per cent. I do not think that we can place the rise of 28½ per cent. in Bengal to the debit of the partition.

"I pass next to a charge which has been made very freely in this Council against our province, and that is that we have been extravagant in our administration and have poured money out like water, and, *mirabile dictu*, it has been

* *Vide* Appendix C.

[*Mr. Lyon; Babu Bhupendra Nath Basu.*]

said that the Government of India have supported us in this extravagance. I think that Hon'ble Members who know the Finance Department of the Government of India will agree that this is a most extravagant charge to make. But although the charge is unfounded we quite realize in Eastern Bengal that in the present circumstances, when new taxation is being imposed and one of the reasons given for the imposition of that taxation is that a subvention is required to meet our growing needs, it is quite reasonable that we should be asked to explain the nature of our expenditure, and to show that we are not extravagant. I hope the figures that I am about to give will justify us in the claim that we are economical. The total expenditure of our province will be next year 305 lakhs, which is below the general level of expenditure in any of the larger provinces of India. Tested by the usual tests of administrative expenditure, which are the cost per head of population or per area of the territory administered, it will be seen that we, with our 305 lakhs, are spending one rupee per head of our population as against Rs. 1-1-6 in Bengal, nearly Rs. 1-3-0 in the United Provinces, Rs. 3-4-0 in Bombay, Rs. 1-10-0 in Madras; and I would invite the Hon'ble Mr. Fenton's special attention to the fact that this expenditure is Rs. 1-9-0 in the Punjab. If we take the cost per square mile, we are spending Rs. 308 per square mile, as compared with Rs. 494 in Bengal, Rs. 525 in the United Provinces, Rs. 499 in Bombay, Rs. 397 in Madras, and again Rs. 360 in the Punjab. With reference to the Punjab I cannot admit the comparison which has been made by the Hon'ble Member from that Province between Eastern Bengal and his province. We are in the north-eastern corner of India, he is in the north-western; the consequence is that in the cost of living, in cost of labour and material, in rates of wages, in everything that goes to make an administration expensive, the balance is much against our province. The Punjab is also a smaller province and it has a smaller population, and in spite of these facts and of the high charges from which we suffer the Punjab spends more than Eastern Bengal and Assam by over 40 lakhs in the year.

"There are one or two heads among the detailed figures which it is perhaps worth while to mention. I would specially refer to the Police. My Hon'ble friend (the Hon'ble Babu Bhupendra Nath Basu) has talked about expenditure on Police, and I can only suggest to him that it would be desirable that he should come to take up his residence in Eastern Bengal and Assam; he is much less likely to meet a policeman in Eastern Bengal than in any other province of India. We have only 10,000 civil police in our province as compared with 21,400 in his own province and 33,900 in the United Provinces. Putting this into statistical form, we have one policeman for 9 square miles of our area as against one policeman for 5 square miles of Bengal, one for 3 square miles of the United Provinces and one for 4·8 square miles in the Punjab."

The Hon'ble BABU BHUPENDRA NATH BASU: "On a recent visit to Dacca, my Lord, I found two policemen following me from Serajgunge."

The Hon'ble MR. LYON: "No doubt when a distinguished visitor comes to our Province we take every care of him. Or to take the test of population, whereas in the Punjab there is one policeman guarding every thousand of the population, in the United Provinces one for every 1,400, and one for every 2,300 in Bengal, there is only one for every 3,100 of the population of Eastern Bengal and Assam. The cost of our police is somewhat higher, but that is because we have to keep up a large force of military police to guard the north-eastern frontier of India, the Army being conspicuous by its absence in all parts of the province. But even with that and with the heavy cost of living which adds to our charges, our expenditure is only Rs. 0-2-10 per head of the population as compared with Rs. 0-2-8½ in Bengal, with Rs. 0-4-0 in the Punjab and with larger figures in all the other provinces I have mentioned; and as regards area the cost is less in Eastern Bengal per square mile than in any other province of India.

[*Mr. Lyon.*]

"As to Education, I need only say a very few words. We have paid unremitting attention to this subject during the last four and a half years. We have dealt with every stage of educational reform, improved our schools and colleges, given many grants for primary education, and have encouraged Muhammadan educational institutions and the cause of female education. We have also spent large sums in adding to and improving the supervising and inspecting agency, without which most of our expenditure on educational reform would have been wasted. But even with all this improvement and all this expenditure our 27 lakhs of expenditure on education compares badly with the 59 lakhs spent in Bengal, 38 in the United Provinces or similar sums spent in Bombay and Madras; and whether it be per head of population or per square mile of area, we pay less for education than any other province.

"I have no time to deal with the general administration figures mentioned by the Hon'ble Member. Reduced by the cost of the old Assam Administration which has been absorbed in the new Government they will be found to come within the ten lakhs, a good deal within the ten lakhs, which has been acknowledged as the cost of the partition. And as for Civil Works, our expenditure has been heavy, but we have great need for it, for the cost of building generally is heavier in Eastern Bengal than in other provinces, and building work has been neglected more than any other duty of the administration in the outlying districts which we took over from Bengal.

"I must come now to the third charge, that we do not pay our way, and that we have had to come upon the Government of India for a larger share of general revenues than that to which we are entitled. I think there is a great deal of misunderstanding on this subject. The recurring assignments to be made to all provinces this next year amount to 370 lakhs, out of which our share, 50 lakhs, is not, I think, a very extraordinary proportion. Among the other assignments which are to be made to other provinces, I notice 54 lakhs to be made to the Punjab, 55 to the Central Provinces, 88 to Bombay and 92 lakhs to Burma. It must not be supposed that we are receiving an assignment and that others are receiving none. Moreover, in Eastern Bengal we suffer from the financial disadvantage of a permanent settlement, which means that large sums ordinarily paid by the cultivators for the use and occupation of the land go not into the coffers of the State but into the pockets of middlemen, leaving very little to filter through as a contribution to the cost of Government. But even with these disadvantages, we still pay our fair share to the revenues of the Supreme Government. Including the assignment which I have mentioned, we pay out of Provincial revenues raised in the province 34 per cent. to the Imperial Treasury as compared with 36 per cent. paid in Bengal, 35 in Burma, 33 in Bombay and 31 in the Central Provinces. I think, therefore, that we may claim that we have taken our place among the provinces of India relying on our own resources and paying our own way. I would suggest finally, my Lord, that if there had been no fresh taxation this year, there would have been less criticism of our financial affairs. The new settlement has come at an unfortunate time, when the Government of India have been unable to meet the exigencies of the situation without recourse to additional taxation. But this very circumstance adds strength to the case which I have to lay before the Council, for Hon'ble Members may rest assured that our affairs must have received the closest and most jealous scrutiny before the admission of our claims. The Hon'ble the Finance Member in introducing this budget gave expression to the reluctance and deep regret with which he asked for the imposition of fresh taxation. It may be well understood that our claims would have received but short shrift had they not been based on solid grounds. As matters stood, we welcomed that scrutiny and we awaited its results with confidence, and we only hope that the public in general will have an opportunity of testing those results. We have not asked for special treatment, for indulgence; we have asked merely for financial justice in order that we may do the right by the vast population of our province. We believe we have governed that province with economy in the past and we have no desire to stray from the paths of financial caution in the

[*Mr. Lyon; Raja Pramada Nath Ray of Dighapatia.*]

future. We are grateful to the Government of India for the recognition they have accorded to our urgent needs, and we earnestly believe that the Hon'ble Members of this Council and the tax-payers whom they represent will not grudge to our people that help and encouragement which this new settlement will afford."

The Hon'ble RAJA PRAMADA NATH RAY OF DIGHAPATIA said:—"My Lord, being comparatively a new member of this Council, I feel quite diffident to criticise the many intricate questions of Imperial finance; all the same, I cannot allow this occasion to pass by without deploring the necessity that has forced the Government of India to resort to fresh taxation in a country which the Hon'ble Finance Member has himself admitted to be 'very poor.' Coming from the Province of Eastern Bengal and Assam, I deplore it all the more that our Province, in the opinion of the Hon'ble Finance Member, has been one of the chief causes for disturbing 'the imperial financial equilibrium.' But, my Lord, the Government of Eastern Bengal and Assam cannot be taken to task for asking for a fresh grant, as we have it from the Financial Statement itself that the cost of the development of the new Province was 'largely guesswork.'

"Having started a new Province, it is incumbent on the Government of India to help in the development of its railways and the improvement of its education, sanitation, and other useful institutions so that it may be brought into line with the progressive administrations of the other Provinces of the Empire.

"As regards railways in the new Province, it will be found from the Budget that the sum of R4,000 has been charged to provincial revenues under a separate head and that sanction has been given for the expenditure of about 10 lakhs of rupees for more railways to be provided from imperial revenues in 1910-11. It is a regrettable fact that our Province has about the least number of railway mileage in comparison to the other Provinces. To make the capital of the new Province more accessible, it is necessary to extend the Dacca-Mymensing Railway to a point opposite Goalundo, which will save the uncertainty of river navigation and bring Dacca within easy reach of the metropolis of the Empire. Some means, my Lord, should also be found at an early date to link North Bengal direct with the capital of the Province, as the people of Northern Bengal have got a just grievance that they should be so far away from the seat of their Government. They are, in fact, much nearer to Calcutta and Darjeeling than to Dacca and Shillong.

"There is another part of our Province which requires opening up very badly. Of all the district head-quarters, Rajshahye is perhaps one of a very few in our Province which remains in an isolated position even in these days of general advance and progress. Its connection with the outer world can, however, be easily effected by diverting the proposed line between Godagari and Santahar through the town of Rajshahye to Natore. By this diversion, the whole of the District of Rajshahye may be opened out and the line also in all probability may be a few miles shorter than the one proposed. It will not only benefit all classes of the district itself but will also be a great boon to the whole of Northern Bengal, as the town of Rajshahye is the only important educational centre in North Bengal and is quite a big mart for rice.

"It was only the other day we were informed in this Chamber by the Hon'ble Home Member that almost every Province in India were making attempts to found good schools for the study of the higher branches of the mechanical and industrial arts and sciences; but our Province, my Lord, I regret to say, is yet far from being blessed with such an institution, though there are one or two insignificant and ill-equipped technical schools here and there. It would not therefore be out of place to appeal to the Government of India for the establishment of a high-class Institute of Technology in the Province.

"It will be seen from the Financial Statement, under head 'Medical,' that a heavy lapse occurred in our Province in the special subvention made from the imperial revenues for the improvement of sanitation in last year's budget. My

[*Raja Pramada Nath Roy of Dighapatia; Mr. Shamsul Huda.*]

Lord, in a Province which is notoriously unhealthy and almost the home of malaria, such lapses of imperial grants are very unfortunate. Probably the lapses occurred because the conditions under which the money was available could not be easily satisfied; but, my Lord if the conditions are made more elastic in future, people will not be slow to take advantage of them. It is also highly desirable that wider publicity should be given to so kind an intention of the Government to help the people in bettering their sanitary conditions.

"Lastly, I have to congratulate the Government of Eastern Bengal and Assam for its attempt to reorganise the Police Service and for their being allowed a larger grant of money from the Imperial Exchequer for this purpose. We fervently hope that after the reorganisation we shall hear less of dacoities that have been rather frequent of late years and that the reorganised force will show greater activity and better ability in detecting crimes and eradicating anarchism from our Province.

"My Lord, the Hon'ble Mr. Lyon has mentioned that the Eastern Bengal and Assam Government are under a disadvantage owing to the Permanent Settlement. All that I can say in reply to this charge is that the Permanent Settlement has been keeping off so many famines from East and West Bengals.

"Before I sit down, my Lord, I think it my duty to acknowledge the deep debt of obligation the people of India have been laid under by His Excellency the Commander-in-Chief and His Honour the Lieutenant-Governor of Bengal for having enforced considerable economy in the expenditure under their control. I have no doubt that the courage and thoroughness exhibited by two such high officials in overhauling their expenditure will be generally followed by the various provincial Administrations and also by other officials who have the control of the large spending departments of the State."

The Honble MR. SHAMSUL HUDA said:—"I had no mind, my Lord, to take any part in this debate, but having regard to the fact that I represent a constituency which forms the majority of the population of Eastern Bengal and having regard to the fact that the new province has been attacked right and left from different points of view, I consider it my duty to say that so far as partition is concerned it is a measure that has been greatly beneficial to the Muhammadans in that province. I will deal with it in its financial aspect. I am aware that the question of partition as a general question has been disallowed. But unfortunately it was disallowed after a great deal was said about it. A reference was made by my learned friend to my having signed a document against the partition as to which I will only say that I am not ashamed of having grown wiser as years have rolled by. As regards the financial aspect of the question my Hon'ble friend Mr. Lyon has demonstrated by facts and figures that when Hon'ble Members attacked the partition as being almost solely responsible for the financial difficulty they did so more from imagination than from real facts. If the new province requires more money it is because the new province at the time when it formed part of Bengal was greatly neglected. My Hon'ble friend Mr. Bhupendra Nath Basu also has attacked the partition from its financial aspect. It has been said, why should the other provinces suffer for the wants of a new province which cannot pay its own way? I do not think it necessary to reply to the attacks made by members from the other provinces. But it comes with a singularly bad grace from those who represent Bengal to attack Eastern Bengal on that ground, because they have benefited for very many years out of the revenues of Eastern Bengal and have paid very little for its progress and advancement. Before the new province came into being, Eastern Bengal was a sort of step-child to the Lieutenant-Governor of Bengal. The most influential people were those who lived near about Calcutta. The best of educational institutions, hospitals, and all other public institutions were those near about the metropolis. No one thought of Eastern Bengal at all. It is since the partition that the Government of Eastern Bengal has been trying to bring the province in a line with Bengal; and it is natural that that should cost money. There is another thing, my Lord, which the new province is trying to do, and it is this.

[*Mr. Shamsul Huda.*]

At the time when Eastern Bengal formed a part of the province of Bengal, Muhammadans were considered a sort of negligible quantity whose wants were seldom seriously consulted. In the new province they are providing educational and other institutions according to the requirements of the majority of the population. That also costs money. Without entering into the various details of the financial difficulty, I will only say that if Eastern Bengal now for some years costs money, and if that money is to come from any province outside East Bengal, it should come from Western Bengal, and the members from that province should not at any rate grumble at it.

"Now, my Lord, having said so far about Eastern Bengal I will only make one or two general remarks. First as regards taxation. As regards the tax imposed on cigarettes and liquor I would support a tax on those articles at all times whether money was or was not required. As regards the tax on petroleum, a great deal has been said about its being one of the necessaries of life. No doubt in one sense this is perfectly true, but that is a tax which falls so lightly upon the tax-payer that I do not think any single individual in the whole of India will feel it at all. Calculation shows that this tax has only increased, or has the effect of increasing, the value of petroleum by 2 annas per tin. Now the agricultural population, I mean the poorer classes of people, do not spend one tin even in two months, and if the tax falls at the rate of 4 pice on a family I do not think any one has a right to grumble. As regards the tax on silver I do not feel competent to speak; but I congratulate the Hon'ble Finance Member on making the best choice he could make when it was necessary for him to impose additional taxation, because as I pointed out I cannot conceive of any other articles upon which the taxes would have fallen more lightly or would have been less felt than the articles upon which he has imposed them. I will also say a word as regards the requirements of the province of Eastern Bengal and Assam in regard to sanitary improvements. It is an unfortunate fact that in looking into the report of Eastern Bengal and Assam as regards sanitation, I find that every year 675,000 persons die of fever alone. I would appeal to Your Excellency's Government—and I feel very great hesitation in making an appeal after all that has been said about the lavish generosity with which Eastern Bengal has been treated—to make a large grant to Eastern Bengal for the purposes of sanitation. The next thing I would say is about Law and Justice. As regards that, the first thing that I would suggest to the Hon'ble Finance Member is this. In showing the accounts, I find that stamps, judicial and non-judicial, are grouped together and shown as distinct from income, from Law and Justice. It seems to me somewhat illogical that the revenue derived from judicial and non-judicial stamps should be shown together, because so far as judicial stamps are concerned they have absolutely no connection with non-judicial stamps and the income under judicial stamps, I would suggest, should always be shown under the head of receipts from Law and Justice. If this is so shown, it will appear to what extent the countr pays in the shape of court-fees and other expenses of litigation. Having egard to the large income derived from these stamps and other receipts from Law and Justice, I would put in a plea for better treatment of the members of the Judicial Service. I refer, my Lord, to the Munsifs and Subordinate Judges, hard-working men whose pay and prospects are certainly not adequate to the work that they do and that they are expected to do, and I would submit that something should be done to increase the number of Subordinate Judges and to increase the number of Munsifs in the several provinces. My experience is confined to Bengal and Eastern Bengal. I feel that on account of the paucity of men and the large work which is thrown upon them, our judicial officers cannot give that attention to the cases that come before them which the importance of those cases demand. Another way in which the work of these Munsifs may to a certain extent be made lighter is, I submit, by having a system of something like Village Munsifs introduced in Bengal as well as in Eastern Bengal. Looking to the statistics I find that in Eastern Bengal alone, the only province

as to which I have got the figures, there were 362,476 original suits instituted in the year 1907. These are the only figures that were available to me. This number is simply appalling. In every case there would be about 5 persons concerned, and taking, my Lord, that there are about 5 witnesses in each case, we find on both sides about 36 lakhs out of 3 crores involved in some shape or other in litigation in my Province. The country will be very grateful if something could be done to put a check to this extravagant litigation, and my humble suggestion to Your Excellency is this that an attempt should be made to appoint honorary Judicial Officers as there are honorary Magistrates, so that village disputes may be decided in the villages themselves without being brought to the Sadr Courts, so that there may not be a large number of appeals in all sorts of petty cases.

"I have finished, my Lord, and in conclusion I will only express my gratitude to Your Excellency's Government for the consideration that has been shown to my community in the matter of the reforms that have been introduced. As we had no occasion before to refer to this matter I beg to say that my community is extremely grateful to Your Excellency for the considerate treatment that it has received. It would be presumptuous, my Lord, for me to say anything on the administration of Your Excellency all these years. All I can say is that the whole country is grateful to Your Excellency for what has been achieved during Your Excellency's administration of this vast empire."

The Hon'ble MR. GHUZNAVI said: "My Lord, the dominant feature of the Financial Statement and the Budget is the new taxation. Curiously enough on the very first occasion when a public statement of the finances of the country was made and on the first opportunity of a public discussion of the 'budget' seventeen years ago, the Hon'ble Finance Member had to provide against a deficit, as in the present year, which inaugurates a new era in the discussion of the country's finances. I cannot help congratulating the Hon'ble Finance Minister on the way he has provided against the deficit and on tapping such new sources of revenue as are embodied in the scheme of taxation that he has devised. The taxation is indirect, and it is so in spite of the fact that the Hon'ble Member could have withdrawn the remissions of income-tax that were made a few years ago. It is also satisfactory to note that no increase in the salt-duty was resorted to even when its reduction was held to have created a financial reserve for the Government of India, to be drawn upon whenever needed. These facts of omission and the tax on such luxuries as wines, spirits and tobacco are sufficient to indicate the solicitude of Your Excellency's Government for the poorer classes and the earnest desire not to tax their necessaries. The only tax about which I had some misgivings, my Lord, is that on petroleum, which is really a necessary of the poor in India. As however the enhancement of the duty on foreign petroleum may benefit the petroleum industry of the country, my doubts as to its expediency are to some extent removed. But if an excise-duty on petroleum is imposed, it will swallow up all this advantage. The consideration of an excise on tobacco that Government has undertaken will, we are confident, lead to the conclusion that the revenue from such a source will be quite disproportionate to the cost of its collection and the attendant inconveniences thereof.

"My Lord, the people of this country of all classes and creeds are practically unanimous with regard to most of the measures necessary to be adopted for the advancement of their country's welfare. Systematic and gradual extension of primary education, the provision of a 'modern' side to secondary schools, the making of all education more efficient by the supplying of trained teachers and better equipment and supervision, education yet again, technical and technological, and industrial research for the industrial development of the country, the fostering of agriculture by the diffusion of the knowledge of scientific and economic methods and by the relief of agricultural indebtedness, sanitation and extension of medical aid, form a comprehensive programme on which the country is united, as was recently pointed out by my distinguished co-religionist, His

[*Mr. Ghuznavi.*]

Highness the Aga Khan. These are also points which touch closely the most sympathetic instincts of this Council. Financial stringency may have hitherto prevented an adequate tackling of these questions, but we have the fullest confidence and faith in the ability and statesmanship of the Government of India in finding a solution to these problems and in providing for them in due course.

"My Lord, allow me to express my gratitude to Your Excellency's Government for the degrees in Agriculture that have been recently instituted. The grants that have been made in recent years towards the development of agricultural research, demonstration and instruction, are a source of considerable gratification to the public. I need not say, my Lord, that this country entertains the highest hopes and expectations from the extension of scientific education in agriculture and experiments in agricultural farms, the latter of which should be widely distributed over the country, according to the nature of the soil and the produce. I venture to submit, however, my Lord, that the fruits of such an education, of such experiments and of the valuable researches of the scientific officers at the Pusa Institute, obtained at great cost, will not give us an adequate return, if together with them systematic attempts are not made to place their results within the reach of the vast agricultural population by means of pamphlets, itinerant preachers and by instruction in off-seasons or at night schools. We also look upon the measures that are being taken to relieve agricultural indebtedness with great satisfaction. A generous policy of agricultural loans and takkavi advances has been followed in recent years. Co-operative credit societies are also progressing favourably under State patronage throughout the country, and it is to be hoped that the financing and management of these will be more and more a labour of love to the moneyed and leisured classes as the years go on.

"My Lord, on behalf of Eastern Bengal and Assam I beg to be permitted to convey our thanks to Your Lordship's Government for the generous recognition of its financial claims. It is with great satisfaction that I note the raising of the status of the Chittagong College to the first grade, and the more liberal grants to high schools. Muhammadan hostels are very much needed in our province, and I am glad to find that our requirements in this direction have been met to some extent this year. I have confidence that this necessity will not be lost sight of. A grant of 10 lakhs of rupees has been allotted for the construction of a very necessary railway line helpful to the tea-industry, and grants to the extent of about 16 lakhs of rupees have been given for the construction of lines in progress. We hope that these grants are an earnest for more to come, as the new province requires more facilities in communications for its material progress.

"My Lord, some of my Hon'ble colleagues have questioned the increased grants that have been given to the province that I have the honour to represent. I do not think, my Lord, that the Government of India ever maintained that the partition would entail no additional expenditure or that the increased efficiency of administration, which it was urged would be brought about by the partition, would be effected without any increase of cost whatsoever. The only question now is whether the increased efficiency and advantages have been commensurate with the increased expenditure. Any one acquainted with the conditions of the new province before and after the partition will be convinced that the progress achieved has been well worth the cost.

"My Lord, I beg leave to add that the increase of grant to the new province is nothing exceptional. The provincial contracts of all the provinces have been recently revised, according to the new system of *quasi*-permanent settlements that have been introduced, ensuring expanding revenue and self-dependence in the provinces. Under this system a larger share of the divided heads of revenue has been given to the different provinces. The revision therefore means much more, my Lord, to the other provinces with old-established administrations than it does to Eastern Bengal and Assam in the infancy of its administration. The grant given to Eastern Bengal and Assam is thus small compared to the increased

grants that have been given in recent years, under this system, to all the other provinces, and this small grant should be beyond all cavil, specially when we take into consideration the area of the province and its population per square mile.

"My Lord, some of my Hon'ble colleagues have laid the responsibility of the new taxation on the shoulders of my province, but they forget that the decline in opium-revenue, in the net receipts of railways and the recent years of famine and scarcity throughout many provinces, together with the necessity for increased expenditure in many directions, have been the real cause of the imposition of the new taxes.

"My Lord, I associate myself unreservedly with all the expressions of regret that have fallen from the lips of Hon'ble Members when referring to your impending relinquishment of the reins of government. This first session may possibly be the last in which Your Excellency will preside over the deliberations of this enlarged and reformed Council which has been brought into being by the foresight and statesmanship of Your Excellency. This Council will remain an everlasting monument to your deep sympathy for the people of India, and 'Sympathy' in my humble opinion has been the keynote of Your Excellency's policy. The clearest indication of this sympathy has again been recently given to us, my Lord, in the prompt action that has been taken in the matter of the emigration of indentured labour to Natal.'

"It is during your régime too, my Lord, that for the first time in the history of British rule in India, a distinguished countryman of mine sits on the Executive Council of Your Excellency. The reforms scheme, my Lord, may not satisfy visionaries, but in overcoming the limitations of actual facts and of the exigencies of the moment, in its eminently practical character, it is its own vindication. For such statesmanship and sympathy your name will go down to posterity as a maker of Modern India and as one of her greatest benefactors."

The Hon'ble MR. PHILLIPS said:—"There are two points in the Budget which have an important bearing on the administrative progress of the Central Provinces, and on which I should like to make a few remarks. One relates to the grant which has been made by the Government of India to the Province to restore its depleted balance. The amount of this grant is something over 7 lakhs. I have been specially instructed by the Chief Commissioner to express in this Council his extreme gratefulness to the Government of India for the timely and generous aid which has thus been afforded. Having said this I fear it will appear somewhat ungracious on my part when I go on to say that nevertheless there has been some disappointment that the amount of the grant was not considerably larger. I venture to submit, however, that the Central Provinces Administration has a substantial claim to even more generous treatment at the hands of the Government of India, and I propose to state as briefly as I can the grounds on which this claim is based.

"In dealing with the famine conditions which supervened on the drought of 1908, the Chief Commissioner made a considerable departure from the course which was clearly indicated by the Famine Code. In the matter of indirect relief indeed he had resort to most of the expedients which are recognized, such as suspension and remission of revenue, the grant of forest concessions and the advance of loans for land improvement. But in the matter of work-relief, instead of opening regular famine relief works in accordance with the provisions of the Famine Code, works which inevitably are accompanied by a certain amount of waste and by a certain amount of demoralization, he merely extended the programme of ordinary works carried out in the usual way under contractors. I need hardly say that this policy was adopted after the most careful and anxious consideration. Not unnaturally at the time it evoked a considerable amount of adverse criticism. I do not think I need enter into that point, because in the event the policy was completely successful. I feel justified in putting this forward, because its success was warmly recognized and handsomely acknowledged by the Government of India. Not only did the policy meet the requirements of the situation, it also avoided demoralisation

[*Mr. Phillips.*]

and secured economy. It is, however, with the financial aspect of the policy that I now wish to deal. Naturally famine conditions cannot be coped with without expenditure of a considerable amount of money, and the policy pursued involved an extra expenditure of no less than 22 lakhs of rupees on the part of the Central Provinces Administration. Moreover, the conditions prevailing led to an indirect loss of revenue which amounted to another 22 lakhs. Of the direct expenditure about 15 lakhs were spent on the contract works to which I have referred. Now if the Chief Commissioner had followed the ordinary course and had availed himself strictly of the provisions of the Famine Code, as the state of things fully entitled him to do, the result would have been this, that not only would that expenditure of 15 lakhs have been thrown on to the Government of India, because under the contract they were bound to bear that charge, but a very much larger expenditure would also have been entailed on them, because it is notorious that famine relief works, however well they are managed, and with whatever precautions they may be hedged round, are always much more costly than ordinary works. The Government of India did indeed give some money to meet the conditions, for there was a certain amount of gratuitous relief given and there was relief in other forms, but the total amount of expenditure which the Government of India had to meet was less than 15 lakhs. If the Chief Commissioner had followed the course which he was perfectly entitled to do and opened regular famine relief works, there is no doubt that the expenditure which the Government of India would have been obliged to incur would have been nearly 60 lakhs instead of 15 lakhs. I think this constitutes a claim for consideration. The Chief Commissioner not only saved the Government of India a large amount of expenditure, but he depleted his own resources in the process. We gratefully acknowledge the generosity of the Government of India in making a grant of a little more than seven lakhs, but we consider that there is a claim for a very much larger sum. I think that as a matter of fact the Hon'ble Finance Member is really at one with me when I make this claim, for in the speech which he made when he introduced the Financial Statement he was good enough to say 'The Central Provinces finances have been severely tried by the recent famine which was administered with a care for the interests of the general tax-payer which the Government of India cordially appreciate.'

"The result of the Chief Commissioner taking upon his own shoulders the expenditure which he might have thrown on the Government of India has been that he is now precluded from incurring expenditure on works of various kinds which are really of very pressing importance, but which in the present state of the finances it is impossible to undertake. I hope therefore the Government of India will recognise that there is a strong claim for a further subvention from them. I know it is useless so far as the present Budget is concerned to expect a further grant, but if the revenues of India are going to expand in the way some have prophesied, if, for instance, the opium-revenue is going to bring in the enormous increase which has been foretold by the Hon'ble Member who usually sits at my right, then I hope some of it may be granted to the Central Provinces.

"The other point to which I wish to make some referece is Irrigation We have already heard in this Council a good deal about the Tandula Canal. Here I mention incidentally that the name Tendula, which has got into the official literature on the subject, is wrong. The name of the river, which gives its name to the canal, is really Tandula, and that is what all the people in that part of the country, where the river is, whether they are literate or illiterate, call it. It is for the Tandula Canal that the Chief Commissioner is most anxious to get a grant, and he is very much disappointed in finding a statement in the memorandum attached to the Financial Statement to the effect that no grant for that purpose can be given. It is very important, if something could possibly be given, that the money should be given now. The progress in the people's appreciation of irrigation in the Chhattisgarh Division, where the canal will lie, has been extraordinary. Five or six years ago, had you asked any Revenue-officer, not only in this division but in the whole of the Province, whether the people in that part of the country would ever avail themselves of

facilities of irrigation, he certainly would not have committed himself in his reply to a definite statement that they would. However, certain storage tanks were made and facilities for irrigation from them were offered, and the extent to which these facilities have been availed of is most encouraging. As one of the tanks is in that part of the country through which the new canal will run, we now feel certain that the canal will be availed of, if not at once, at any rate in a short time. It will have the effect of making practically the whole of the district quite immune from famine. The project was sanctioned by the Secretary of State several months ago, and it was hoped that some grant would have been made which would have allowed of the work being begun in the coming financial year. I have been requested by the Chief Commissioner to say that even if 3 lakhs are given in the coming year the sum will be gratefully accepted and it will prove an enormous boon. I may mention as a further argument for this grant that, although the work has been classed as protective, there is now every hope that it will really prove productive. I am afraid that the Hon'ble Mr. Jacob will perhaps be reluctant to accept this view. But after all what he has stated as to no protective work having proved a productive work refers only to the experience of the past. There is no reason why in the future a work originally classed as protective should not eventually prove productive. Anyhow in support of the view which I have put forward I may mention an incident which came within my personal experience. Less than 18 months ago I was on tour in that part of the country, and I asked one of the malguzars whether he would be prepared to pay in the coming year for water from the storage tanks at the rate of Rs. 2 an acre—he was then paying 12 annas—and somewhat to my amazement and without much hesitation he said he was quite prepared to pay Rs. 2. He said: 'Why should I not pay Rs. 2 an acre for water, when the value of the produce of my field is increased by Rs. 20 an acre by using that water?' When that is the attitude of the people, we may feel confident that the project will be fully availed of. I may mention that in one part of the Province water is already paid for at the rate of Rs. 4 an acre, and I think it is not too sanguine to hope that Rs. 3 an acre will be readily paid for water from this canal; and if a rate of Rs. 3 an acre is obtained instead of Rs. 2, the highest rate provided for in the estimate, the work will prove productive.

"I am sorry, my Lord, that both the points to which I have alluded should involve me in the position of a suppliant to the Government of India, but I hope that I have made out some sort of case on both points."

The Hon'ble RAO BAHADUR R. N. MUDHOLKAR said:—"My Lord, I do not propose to go over the ground I had to traverse during the previous stages of the discussion on the budget, the discussions on the legislative measures rendered necessary by the additional taxation imposed this month and those on the resolutions moved by the Hon'ble Mr. Gokhale and myself. What I am going to submit now will not be a repetition of what I urged on those occasions.

"My Lord, most of the non-official Indian members of this Council have given expression to the demand which is coming from all quarters of the country, for larger expenditure out of the public revenues than has been provided hitherto or is proposed to be done by the present budget on primary education, on industrial and technical education and on sanitation in rural and urban tracts. Hon'ble Mem bers, who spoke on behalf of the Government in these discussions, while admitting the need for larger expenditure on these objects, contended that Government had given as much for these purposes as the state of the finances would allow and that more could not have been given with a falling off in receipts and the uncertainty of the opium-revenue. My Lord, it has been shown both in this Council and outside it that whatever the ultimate fate of this last-named source of revenue, it has not yet failed us. On the other hand, the predecessor of Sir Guy Fleetwood Wilson has expressly stated that the Government of India were quite prepared to lose the opium-revenue in the course of ten years and if the diminution came gradually no

[*Rao Bahadur R. N. Mudholkar.*]

additional taxation would be necessary. My Lord, I believe, in common with several Hon'ble Members here and informed persons outside, that it would have been quite feasible to find substantially larger funds for these purposes if the expenditure side of the present budget and of the previous budgets had not been increasing in a larger ratio than the income side, and most of our difficulties are due to this disproportionate growth of expenditure. Beginning from 1902-03 what we find is this :—

Year.	Net revenue. Millions Pounds Sterling.	Net expenditure. Millions Pounds Sterling.	Surplus. Millions Pounds Sterling.
1902-03	43·02	40·14	3·06
1903-04	45·03	42·03	2·99
1904-05	47·91	44·45	3·45
1905-06	46·69	44·59	2·09
1906-07	48·95	47·36	1·59
1907-08	47·00	46·70	0·30
Annual average	47·11	45·02	2·08
Percentage of increase over 1903-04	+4·61	+7·11	—30·47
Ditto ditto 1902-03	+9·02	+12·15	—38·56

"While preparing figures of increase in gross revenue and expenditure I read Mr. Wacha's letters in the *Times of India* and after checking have taken the above figures from him. The other figures are compiled by me. Let us come to the subsequent years and this is what we find :—

"The Appropriation Report issued the other day shows that while the income from the Principal Heads of Revenue was in 1908-09 more by $1\frac{3}{4}$ millions pounds sterling than that for 1907-08, there was a total deficit in Revenue of over $3\frac{3}{4}$ million pounds sterling, due mostly to falling off of railway earnings and in a considerably less degree to falling off of mintage and miscellaneous receipts. The expenditure side, however, shows an increase from 70·7 millions pounds to 73·5 millions pounds. There was instead of an expected surplus of $86\frac{3}{4}$ lakhs of rupees a net deficit of over $5\frac{1}{2}$ crores of rupees.

"Keeping aside the case of Railways for the present the increases in expenditure in the quinquennium ending with 1907-08 was thus distributed :—

1. Army charges 11 per cent.
2. Collection of Revenue 14·9 per cent.
3. Civil Departments mints 14·7 per cent.
4. Civil Works 32·5 per cent.

Taking one of these heads, the collection of revenue, we find that in 1908-09 there was an increase over the expenditure in respect to Land Revenue, Stamps, Excise, Customs, Assessed Taxes, and Forests of about 46 lakhs. There is an increase of 24 lakhs of rupees in 1909-10, and the Budget provides for a further addition of about 32 lakhs. That is, during the three years of deficits the collection charges increase by a crore and 2 lakhs. Opium and Salt have been excluded, as a charge on their account consists for a large part of cost of production. There are similar large increases in the expenses of the Civil Departments. The Appropriation Statement issued the other day states 'the chief

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increases occurred under *Land Revenue*, mainly in Survey and Settlement and Land Records charges, under *Excise* and under *Stamps*. In regard to Railways the Statement points out that their net traffic earnings fell short by three millions seven hundred and seventy-one thousand pounds and yet there is not only a greater activity in increasing the mileage and strengthening the bridges and the rolling stock, about which there is something to be said, but in creating additional superior appointments and in increased pay of staff. My Lord, the Railways are not the only spheres where the creation of superior appointments in times of stress and strain is carried on. There is a very strong body of opinion among educated Indians, of men who have studied Indian finance and public affairs, that there is very great scope for retrenchment in the public expenditure of this country. They point to the extraordinary growth of expenditure on the machinery of the administration and to the springing up of highly paid posts. This opinion does not take up an unpractical stand and an irresponsible attitude. Admitting the necessity of an efficient administration, it urges that the working expenses should be kept down at a minimum consistent with that efficiency and that the capacity of the country to bear increasing taxation should be kept in view. This opinion of theirs is supported by writers in the English Press in the country. There is here eminently a case for inquiry and action, and I can quote the Hon'ble the Finance Member and the high officers of Government to the same effect.

"My Lord, is it not possible to curtail the expenditure incurred over some of the Departments? To mention one instance, is it not possible to effect a material reduction in the Survey Settlement Department by carrying out the principles enunciated by the Government of India 28 years ago in a resolution remarkable alike for its breadth of view and practical grasp? My Lord, the unsettling effects of these Revision Surveys and Settlements are well known. It is not a permanent settlement that I am suggesting. What I submit is that throughout the greater part of India proper, and I believe Lower Burma also, accurate surveys have been made and more than one revision has taken place. The classification of soils has been made and the portion of the produce fairly leviable from them has been ascertained and their valuation in money at the then prevailing rates has also been determined. Accepting the unearned increment theory what has to be done when a settlement made for 20 or 30 years falls in is merely to ascertain whether there has been such a rise in the prices of the staple products on the basis of which the expiring settlement was effected as to justify the raising of the State demand. This is a mere matter of arithmetical calculation for which ample materials are supplied by the information which is published every week or fortnight. In zamindari tracts there are accurate statistics compiled about the rents levied or leviable by the zamindar or malguzar from the tenants as also about the capacity of the sir land.

"If this method is followed the very large expenditure which is incurred over survey and settlement operations would be immensely cut down and the public finances greatly profited, while the benefit to the people of being saved from the unsettling effects of these ever-recurring settlement operations would be simply incalculable.

"The belief is also entertained that there are other departments where economy is possible and specific suggestions can be made. My Lord, a considerable overhauling of departments seems feasible. And there would be still more favourable results obtained if indigenous agency is more largely employed. The claims of Natives of India, including in the term statutory Natives, and demands of financial economy coincide, and the case for larger employment of the residents of the country is simply unanswerable. In this respect what just now is needed to be done is to carry out fully the recommendations of the Public Service Commission.

"Then there is economy possible also in the military expenditure. Without in any way touching the principle of the relative strengths of European and Indian troops or raising any question about the defence works laid down as necessary it is quite feasible to make an appreciable reduction in military expenditure. It is, I think, worth consideration whether it is not advantageous to this country to

revive the system which existed in the times of the East India Company of raising locally a portion of the European army required for India. We have to pay heavily for the training in England of the European troops sent to this country. And there is also the cost of transport and the loss arising from sickness and mortality among non-acclimatized youths. The raising locally of a part of the European troops required for India would have the further advantage of meeting to some extent the problem which is facing the domiciled European community.

"There is another suggestion which I would advance for the consideration of Government which, while it would tend to effect some reduction in military charges, would have the further merit of rewarding the loyalty, the faithfulness and the valour of the Indian Army. The idea of giving a certain number of places of Commissioned Officers in the Army to Indians of proved loyalty and merit and of approved social position is not a new one. More than twenty years ago the proposal was made by the Right Hon'ble the Duke of Connaught for an Indian Sandhurst. Will Government see their way to give effect to it?

"My Lord, there are various directions in which the Government can effect reduction in expenditure without in the least touching any of the fundamental principles on which British administration here is based. Indeed, while effecting retrenchment they would, if the suggestions were advanced be given effect to, be binding still more by ties of gratitude and loyalty the well-disposed members of the Indian communities who constitute by far the largest portion of the population.

"One more matter I would only indicate. It is not possible to treat it adequately on this occasion. There is a general feeling in several Provinces that they do not get for their Provincial needs a sufficient portion of the funds they contribute to the finances of the Empire. Though the settlements recently made with most of the Provinces are of a *quasi*-permanent character they require re-examination and re-adjustment to obtain from the Imperial Government a larger and more equitable contribution from the share they take of the divided revenues. Into this complicated question I cannot go on the present occasion. I simply indicate it now.

"Every province has been urging its claim on Government, but what the Central Provinces and Berar ask is bare justice. The Hon'ble Mr. Phillips, the official representative of the territory, has shown how the provincial funds had to meet charges which legitimately ought to have come out of the Imperial revenues and how the beneficial irrigation projects are hung up for lack of money.

"My Lord, this feeling is further accentuated by the large demands which are made on the general finances by the partition of Bengal. The duplication of the official machinery, the creation of new departments and posts, the construction of costly buildings have absorbed, and will continue to absorb, enormous sums of money for the maintenance of a policy the responsibility for which is denied by those who were instrumental in setting it up. I do not wish to go into the general question of the wisdom or necessity of that measure, which has brought untold difficulties and misfortunes to the two Bengals. But provinces which do not get an adequate share of the taxes raised in them have a right to complain if any portion of their money is diverted for keeping up the partition."

The Hon'ble MR. GRAHAM said:—"My Lord, several attacks have been made on the Government today for the expenditure on Railways, and I would like on behalf of the community which I represent to say that we in no way cavil at any such expenditure. My predecessors on this Council, who were better advised on the subject, have always clamoured for more and more expenditure on Railways, as they considered that that was the best way of opening up the country and improving it, and I follow in their footsteps in congratulating the Finance Member on what he is doing in this budget for Railways. Nobody likes new taxation. We all hate it and we sympathise with the Finance Member for having to impose it, but I think we can congratulate

[*Mr. Graham.*]

him on having introduced this new taxation with a view, as pointed out to this Council, of discounting the day when our opium-revenue will disappear altogether; and nobody can really cavil at a new tax when they remember that. It is all very well to say that opium will bring in more than is estimated for, but the day must come when the opium-revenue will cease altogether.

"Another point on which I much congratulate him is on his Currency policy, 25 millions of reserve which he has put forward—I won't say as the ultimate goal, but the goal in the meantime, and until that is reached the whole of the profits from coinage will go to that reserve. I take it that that is not a final say in the matter, because he has not said, when that point of 25 millions is reached we will cease to pile up the reserve. I take it when that point is reached what will happen then is that Government will consider themselves free to divert a portion of the profits for other purposes. But, as I said, 25 millions is not the ultimate goal, and a very much larger sum, if prosperity continues in the country, will eventually be credited to the reserve."

The Council adjourned to Wednesday, the 30th March 1910.

CALCUTTA;
The 13th March 1910.

R. SHEEPSHANKS,
Offg. Secy. to the Government of India,
Legislative Department.

APPENDIX C.*

STATEMENT

Of the cost of the Administrative Offices affected by the formation of the Province of Eastern Bengal and Assam.

	1904-05.		1906-07.	
	Bengal.	Assam.	Bengal.	Eastern Bengal and Assam.
	₹	₹	₹	₹
1. Head of Administration and his staff, including etsablishment, allowances (Hill Journey and Tour) and Contingencies.	2,35,065	72,760	2,76,112	1,67,190
2. Civil Secretaries, Public Works Secretary, Under Secretaries, Assistant Secretaries, Registrars, Office Establishment and Contingencies.	8,70,180	1,95,660	8,67,728	3,92,731
3. Legislative Council	60,970	...	76,693	859
4. Board of Revenue	3,09,496	...	3,13,933	1,74,932
5. Commissioners	6,37,776	54,702	5,13,084	3,24,984
6. Inspector General of Police, Personal Assistant, Deputy Inspectors General and Office Establishment, Allowances and Contingencies.	1,85,253	...	2,28,772	1,42,976
7. Inspector General of Prisons, Office Establishment and Contingencies.	51,784	...	57,840	40,571
8. Inspector General of Stamps, Excise, Registration, Office Establishment, Allowances and Contingencies.	1,38,623	52,831	1,34,047	23,490
9. Inspector General of Civil Hospitals (or Principal Medical Officer) and his Establishment and Contingencies.	77,930	†30,065	71,002	46,482
10. Sanitary Commissioner, Deputy Sanitary Commissioner, Office Establishment and Contingencies.	1,96,083		2,32,052	45,662
11. Director of Public Instruction and his Establishment and Contingencies.	89,657	36,522	1,20,521	66,227
12. Accountant General, Deputy Accountant General, Assistant Accountant General, Examiner of Local Funds, and Office Establishment and Contingencies.	3,36,182	54,431	3,08,867	1,92,380
13. Directors of Land Records and Agriculture, and their Establishment and Contingencies.	56,317	46,873	1,27,402	49,102
TOTAL .	32,45,316	5,43,844	33,28,053	16,67,586
	37,89,160		49,95,639	

* *Vide* page 617.

† This figure is an estimate.

APPENDIX D.*

STATEMENT

OF

Estimated non-recurring expenditure incurred owing to the formation of the Province of Eastern Bengal and Assam.

WORKS AT DACCA.

	Rs.
(1) Government House	7,60,700
(2) Secretariat (including the Accountant General's office, which is estimated to cost approximately 2 lakhs)	13,74,363
(3) Superintending and Executive Engineers' Offices	41,328
(4) Post Master General's Office	2,81,151
(5) Land	5,28,204
(6) Roads	3,00,000
(7) Central Press Buildings	1,65,740
(8) Diversion of Dacca Railways	1,15,830
(9) Drainage	1,00,000
(10) Improvement of site	2,00,000
(11) Residence for Government officials	8,91,840
(12) Water Works	2,00,000
(13) Contingencies	2,32,212
(14) Contribution to City Sanitation Scheme	1,00,000
Total	52,91,368
(15) (*a*) Temporary buildings	3,00,000
(*b*) Do. maintenance charges	62,205
GRAND TOTAL	56,53,573

NOTE.—The actual expenditure to the end of January 1910 has been Rs. 30,61,624 including temporary buildings. The maintenance charges amount to Rs. 62,205 to end of March 1909.

* *Vide* page 617.

APPENDIX E.*

Statement giving for the year 1908-09 the total expenditure from public funds† (1) on primary schools alone and (2) on education of all kinds (including primary education), and the rate of expenditure per head of population from public funds (a) on education and (b) on primary schools.

Province.	Population, excluding Native States.	Expenditure from public funds† on education.	Expenditure from public funds† on primary schools.	Rate of expenditure from public funds on education per head of population.	Rate of expenditure from public funds on primary schools per head of population.
1	2	3	4	5	6
		Rs.	Rs.	Rs A. P.	Rs. A. P.
Madras	38,199,162	52,54,076	21,58,980	0 2 2	0 0 11
Bombay	18,562,720	64,93,904	29,70,262	0 5 7	0 2 6
Bengal	50,722,067	62,66,659	11,41,277	0 1 11	0 0 4
United Provinces . .	47,691,782	56,06,957	15,45,466	0 1 10	0 0 6
Punjab	20,330,339	34,60,707	8,44,702	0 2 8	0 0 8
Burma	9,252,875	24,51,292	6,39,475	0 4 3	0 1 1
Eastern Bengal and Assam	30,503,669	35,54,566	9,18,697	0 1 10	0 0 5
Central Provinces and Berar.	11,990,419	23,97,880	9,56,058	0 3 2	0 1 3
North-West Frontier Province.	2,125,480	2,17,795	56,124	0 1 7	0 0 5
TOTAL . .	229,378,513	3,57,03,836	1,12,31,041	0 2 6	0 0 9

* *Vide* page 619.

† The figures shown as expenditure for "public funds" include all public expenditure, whether Imperial, Provincial or Municipal, and expenditure from District or Local Board funds.

APPENDIX F.*

STATEMENT I.

Statement relating to Indian Government Scholars nominated by the Universities.

Year.	University.	Name of scholar.	Occupation after return to India.
1886	Calcutta	(1) Jogindra Nath Das Gupta, B.A.	Member of Provincial Educational Service, Bengal, and Professor of English Literature, Presidency College, Calcutta.
	Bombay	(2) Pestanji Sorabji Kotval, B.A.	Advocate of the Bombay High Court (residing at Nagpur).
1887	Madras	(3) Cheruvari Krishnan, B.A.	2nd Judge, Court of Small Causes, Madras.
	Punjab	(4) Harkishen Lall	Called to the Bar, but now engaged in business.
1888	Calcutta	(5) Abdul Majid, B.A.	District and Sessions Judge in the Provincial Judicial Service, Eastern Bengal and Assam.
1889	Bombay	(6) Keshav Ganesh Deshpande, B. A.	Advocate of the Bombay High Court (resident in the Baroda State).
	Madras	(7) F. X. D'Souza, M.A., LL. D.	I. C. S.
	Allahabad	(8) Mohammad Ahamad-ud-din, B. A.	Deputy Collector in the Provincial Civil Service, United Provinces.
1890	Calcutta	(9) J. Platel, B.A.	I.C.S.
	Punjab	(10) Lala Gobind Das	(Resigned scholarship).
1891	Bombay	(11) Abdulla *ibn* Yusufali, M.A., LL.M.	I.C.S.
	Allahabad	(12) G. E. Foy, B.A.	Barrister.
1892	Madras	(13) P. E. Cammiade, B.A.	I.C.S.
	Punjab	(14) Shaikh Asghar Ali, B.A.	I.C.S.
1893	Calcutta	(15) Atul Chandra Chatterji, B.A.	I.C.S.
	Bombay	(16) Sharakshah Pestanji Dastur, B.A.	Vice-Principal and Professor of Logic and History, Rajaram College, Kolhapur.

* *Vide* page 624.

Statement relating to Indian Government Scholars nominated by the Universities —contd.

Year.	University.	Name of scholar.	Occupation after return to India.
1894	Allahabad	(17) Abdul Karim Khan, M.A.	Chief Justice, Gwalior State.
1895	Punjab	(18) Lala Shadi Lal, M.A.	Member of Punjab Bar and Lecturer, Law College, Lahore.
	Calcutta	(19) Jogindra Nath Pal, B.A.	Indian Civil Service (resigned).
1896	Bombay	(20) Raghunath P. Paranjpye, B.Sc.	Principal, Fergusson College, Poona.
	Allahabad	(21) B. C. Ghosh	.....
1897	Punjab	(22) Balak Ram, M.A.	I.C.S.
	Madras	(23) Narayana Aiyar, B.A.	I.C.S.
1898	Bombay	(24) Camaji Naoroji Cama, M.A.	I.C.S.
	Calcutta	(25) Haronath De, M.A.	Indian Educational Service, and Librarian, Imperial Library, Calcutta.
1899	Allahabad	(26) Ganesh Prasad, D.Sc.	Member of the Provincial Educational Service, United Provinces, and Professor of Mathematics, Queen's College, Benares.
	Madras	(27) W. Hensman, B.A.	.....
1900	Punjab	(28) Lala Manohar Lal, M.A.	Minto Professor of Economics, Calcutta University.
	Calcutta	(29) M. C. Ghosh, B.A.	I.C.S.
1901	Allahabad	(30) Zia-ud-din Ahmad, D.Sc., M.A.	Professor of Mathematics, Mahomedan Anglo-Oriental College, Aligarh.
	Bombay	(31) Mirza Ali Akbar Khan, B.A.	Barrister.
1902	Madras	(32) C. Ramalinga Reddi, B.A.	Professor of History, Maharajah College, Mysore.
	Punjab	(33) Fazl Mahammad Khan, M.A.	Professor of Mathematics, Mahomedan Anglo-Oriental College, Aligarh.
1903	Calcutta	(34) Birendra Nath De, B.A.	I.C.S.
	Bombay	(35) Joseph Nissim, B.A.	I.C.S.

Statement relating to Indian Government Scholars nominated by the Universities —concld.

Year.	University.	Name of scholar.	Occupation after return to India.
1904	Madras	(36) A. T. Rajan, M.A.	I.C.S.
	Allahabad	(37) Panna Lall	I.C.S.
1905	Calcutta	(38) P. K. Chakrabarti, M.A.	
	Punjab	(39) Hala Har Dayal	(Resigned scholarship.)
1906	Bombay	(40) Hormasji Sorabji Captain, B.A.	Bar-at-Law, Bombay.
	Allahabad	(41) Munshi Shah Mahammad Sulaiman.	
1907	Madras	(42) Benegal Narasinga Rau, B.A.	(Passed the open competition for the I.C.S. in 1909.)
	Punjab	(41 Lala Jagannath Aggarwal, M.A.	.....
1908	Calcutta	(44) Satish Chandra Majumdar, B.Sc.	.....
	Bombay	(45) Anandrai Keshavlal Dalal, L. M. & S.	.....
1909	Madras	(46) Venkataramamurti, Sonti, B.A.	.....
	Allahabad	(47) Bisheshwar Prasad	.....

STATEMENT II.

Statement relating to State Technical Scholars.

Financial year.	Province.	Name of scholar.	Nature of studies.	Occupation after return to India.
1904-05	Bombay	(1) P. N. Mehta	Textile industry	Agent, bleaching machinery materials, yarns, and sizing materials, Bombay.
		(2) V. T. Pathak	Textile study with special reference to chemistry in its application to textile requirements and to the printing of textile fabrics.	Manager, Serampore Mills.
		(3) E. Hoogewerf	Textile industry	Principal, Serampore Weaving Institute.
	Bengal	(4) H. C. Read	Mining	Manager, Bhuskojori Colliery, Asansole.
		(5) S. C. De	Ditto	Consulting Mining Engineer.
		(6) Asok Bose	Ditto.	
		(7) P. K. Mazumdar	Ditto	Joined the Bar.
1905-06	Bombay	(8) N. D. Daru	Prospecting for minerals in Canada, under Geological Survey of Canada.	Assistant Superintendent, Geological Survey of India.
	Bengal	(9) C. Fox	Mining	(Mining Lecturer at Birmingham University).
		(10) A. M. Sen	Ditto.	
	Central Provinces.	(11) B. Pandurang	Ditto.	
1906-07	Madras.	(12) G. N. Dewal	Textile industry	Government Weaving Expert, Madras.
	Bombay	(13) B. D. Saklatvala.	Metallurgy.	

Statement relating to State Technical Scholars—contd.

Financial year.	Province.	Name of scholar.	Nature of studies.	Occupation after return to India.
1906-07—*contd.*	Bengal	(14) M. K. Roy	Mining.	
		(15) C. E. Ashcroft	Ditto	Employed at Murilidi Colliery, Mahoda *vid* Katras.
	United Provinces.	(16) Lakshmi Chand	Silk weaving.	
	Punjab	(17) I. K. Kaul	Metal work.	
		(18) Abdul Hafiz	Mining.	
	Central Provinces.	(19) G. L. Joshi	Practical chemistry in connection with textile fabrics and weaving and dyeing.	
1907-08	Madras	(20) M. A. R. Panikkar.	Leather industry.	
	Bombay	(21) A. P. Patwardhan.	Dyeing and bleaching.	
		(22) K. J. Bhatt	Cotton weaving and designing with textile colouring and calico printing.	
	Bengal	(23) P. T. Bruhl	Metallurgy.	
		(24) M. Obaidulla	Mining.	
	Eastern Bengal and Assam.	(25) H. M. Mitra	Electrical engineering.	
	Central Provinces.	(26) P. V. Dandekar.	Mining.	
		(27) M. N. P. Kurup.	Do.	

Statement relating to State Technical Scholars—contd.

Financial Year.	Province.	Name of scholar.	Nature of studies.	Occupation after return to India.
1908-09	Madras	(28) V. G. Nair	Textile chemistry as applied to the dyeing, bleaching, finishing and printing of textile fabrics.	
	Bombay	(29) G. R. Rele	Bleaching, dyeing and printing in mills.	
	Bengal	(30) M. N. Sen Gupta.	Mining.	
		(31) R. T. Rout	Leather tanning.	
	United Provinces.	(32) M. J. Prasad	Cloth dyeing and printing.	
		(33) S. Muhammad Yusuf.		
	Punjab	(34) Muhammad Amin.	Textile industry.	
		(35) Shgo Parshad		
	Eastern Bengal and Assam.	(36) D. N. Nag	Mining engineering.	
	Central Provinces.	(37) C. S. Buchirajuloo Naidu.	Textile industry.	
1909-10	Madras	(38) A. K. Menon	Chemistry of soap-making and use of Native oils.	
	Bombay	(39) R. V. Gurjar	Bleaching, dyeing and printing in mills.	
		(40) B. B. Pradhan	Electrical and mechanical engineering.	
	Bengal	(41) M. N. Bysack	Textile chemistry with special reference to the dyeing, printing and bleaching of textile fabrics.	
	Punjab	(42) M. Nawab-ud-din.	Tanning.	
		(43) Lala Kashi Prasad.	Textile industry.	
	Burma	(44) Maung Po Thin	Mining engineering.	
	Eastern Bengal and Assam.	(45) S. G. C. Bardalai.	Ditto.	
	Central Provinces.	(46) S. Fiaz-ud-din	Tanning.	
		(47) G. G. Narke	Mining.	

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO 1909 (24 & 25 VICT., C. 67, 55 & 56 VICT., C. 14, AND 9 EDW. VII, C. 4).

The Council met at Government House on Wednesday, the 30th March 1910.

PRESENT:

His Excellency THE EARL OF MINTO, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*,

and 54 Members, of whom 49 were Additional Members.

DISCUSSION OF BUDGET FOR 1910-11.

The Hon'ble MR. MADGE said :—" My Lord, I desire to refer very briefly to one or two matters of some little importance. As a non-official Member in this Council I have had my ears open, and my mind also, in the expectation of hearing some useful facts from our non-official Indian Members such as I have gathered from my own experience in the past, facts upon which we could build a theory safely. Instead we have rather received theories round which facts were gathered in a very intelligent, in a very instructive manner, but in a manner that did not wholly convince me that my hunger for facts had been satisfied. I should like, my Lord, before I say another word, to say at this stage of the debate, when Members will have no opportunity of replying to anything that I may say, that I am not speaking at any Member at all, but rather taking up subjects that Members have spoken of in connection with the Budget. These Members have been spokesmen here on various subjects connected with the Budget, and it is to some schools of thought that they have represented connected with the Budget that I wish to speak.

" The first point to which I wish to refer is the separation of the judiciary from the executive, about which some remarks have been made here. And if I link it with the Budget, instead of condoling with the Government on the delay that has taken place in introducing the scheme referred to, I would rather congratulate Government on the judicious caution that has been displayed in bringing in a movement of very great importance, some of the results of which might be very advantageous, but others of which, if the standpoint from which I look at it is correct, would be rather disastrous. The administration of justice is looked upon by some people as merely sitting upon a seat in a Court of justice and technically interpreting the texts of certain laws. I do not think it is that in any country of the world : it is that here least of all countries in the world, where Englishmen coming out to this country have a great deal to learn about the people, about their habits of thought and feeling, their social conditions, all of which are a sealed book to them until they come here. That book is not open to them in the moment at which they come here, nor in the very early years of their career do they learn all its secrets, but later in life. I should imagine from what I have seen that it is during the period from the first 12 to 15, sometimes even 20, years of their career as civil servants that Englishmen get that mastery of facts which makes them so very useful later in life. I am far from saying that they are not very useful before. But I do say that in the position of a Judge a civil servant requires to know a great deal more of the people of this country than he can learn if he is snatched off from the executive line very early in his

career. It is when the man moves about through his district as an officer possessing both magisterial and executive powers that he comes to know the conditions of life to which he would have been an absolute stranger if, at any early period of his career, he were required to elect the judicial service. In the scheme which was sent to the Government of Bengal and by that Government circulated to each of the various associations, in one of which I saw it, there was an estimate in which the cost of this experiment was rated at something like 15 lakhs of rupees for this one province of Bengal. It is in connection with that estimate that I have to say what I wish to say. I have no hesitation in saying that in my humble opinion a worse use could hardly be made of these 15 lakhs of rupees than by using them in that particular manner. I think so for reasons most of which I have already stated. It is sometimes also said that a thief-catcher ought not to be a thief-trier. This is one of those statements which belong to theory rather than to facts, because, as everybody knows, the magisterial work of a district is largely in the hands of the Joint Magistrate, and it is he who is really the thief-trier, he or one of the subordinate Magistrates. To a large extent the practical value of the executive where it touches the masses depends on the magisterial powers that a Magistrate of a district possesses, and I wish to assure Your Lordship that I am putting forward not an official view but a non-official view, which has made many converts in recent years. For the Magistrate of the district to preserve what some people consider a red rag, namely, his prestige—which is absolutely necessary for the peace and safety of his district—I will not say that that is exclusively but it is very largely preserved by his possession of those double powers which enable him when he travels about to be what I used to hear 30 years ago called the 'Ma Bap' of the district. No doubt things have changed and scientific government has taken the place of the old paternal rule. We cannot put the hands back on the dial, but we can still preserve as much as possible of those old relations that made the ruling race of the country loved, respected and trusted by the people in the most serious crises of their lives. I am speaking, my Lord, of persons and things that have fallen within my own personal experience. I do earnestly hope, if this scheme of separating the executive from the judiciary is ever carried out, that it will be carried out at a very much later stage of the judicial officer's career than that at which the separation is proposed in some of the schemes which I have seen. Personally, though my opinion may not be worth much, I think it will be unsafe to make the decision earlier than the time at which a man is appointed a High Court Judge. Possibly it might be found expedient later on to do it when he is confirmed in the office of Sessions Judge, but certainly any earlier period would deprive him of one of the most valuable sources of official education, much of which civilians now enjoy, and for which I see no substitute in any of the theoretical schemes that I have seen recommended. People say you should do this and do that, but from what source is it proposed to supply the very valuable experience that a district officer gathers in those years, in which he has exercised both functions? I do not see that the advocates of the new scheme propose any substitute for this source of supply which they desire to extinguish.

"I should like to say a few words also on the subject of railway expenditure. I am not an expert at all, but like other people I have my eyes and ears open to what is published on the subject, and I am a little surprised that it has not been more clearly realised that, in an agricultural country like this, with mineral resources also undeveloped, although technical education, as has been stated, is very valuable and one means to an end, the first need of this great country is the extension of transport whether by railway or by waterway. Transport is one of the first necessities of this country, and it will be found in the years to come that if our railways and our feeder lines were more energetically developed, there are potential granaries to which justice is imperfectly done now, which would throw open their food products into wider markets than those which they now reach. My Lord, this is a matter for which personally as an individual taxpayer I feel very

[*Mr. Madge.*]

thankful for the very insight and foresight with which the Railway Board is directing its operations. I think that the more speedily railways and feeder lines are pushed on the better for us, and I should wish that some little attention was also given to our inland waterways. We are all familiar with the report of the Commission at home which has lately been published, and though the conditions are somewhat different in this country, yet in respect of certain conditions in which it is said the Continent of Europe enjoys greater advantages than our tight little island, this country enjoys even greater advantages than the Continent of Europe. We have large rivers. I remember the time when as a little boy I saw fleets steaming up the Ganges which have almost disappeared. There is a species of traffic in which consignees and consignors are not particular as to speed, and in which greater safety can be secured by water transit, and I think that kind of traffic would be redeveloped if more attention was paid to our inland waterways. I am aware that this subject has attracted official attention and I have no doubt that it will attract more, but when reformers tell us that you should cut down railways by lakhs and turn the money on to other expenditure, if it is not exactly a case of the Irishman cutting off the blanket at one end to add to the other end, it certainly is removing something from vital interests and transferring it to less vital interests.

"One more subject on which I wish to dwell lightly is the big education question. We have had theories on that subject with which I am in perfect accord, and I wish to join those who have thanked the Director, Mr. Orange, for his most sympathetic speech and I may say almost illuminating speech on the subject. I thank him for this country and especially for my own community. Still there are things in connection with education that ought to be kept in mind. Comparisons are being made between this country and England. The analogy would hold better if we of this country—and here I place myself besides my Indian friends—realised some essential features of English education. What has made education succeed so well in England and in poor Scotland? The people of Great Britain generally have done a great deal to provide endowments from private wealth, and the past has laid up resources on which the present thrives, and it is part of our duty—My duty as a very humble member of one small community but more so the duty of wealthy Indians—to stir up one another to something like wholesome rivalry that will place this country in a position that might furnish a parallel to England and Scotland. What endowments have we in this country laid up by the rich from which our poor benefit? I have heard it said that very little concern is shown by the rich for the masses in this country. I do not pretend to stand here in judgment on anybody, my Lord, but I do think that there is ample room, when people cry out for primary education, for the people of this country to give the Government a lead in it by endowing private colleges to a much larger extent than has ever been done in the past, and thus releasing funds spent on high education. I have heard the great despatch of 1854 quoted in this place, and any one who has read it intelligently must have been struck by the passage quoted by Mr. Orange in his last report in which it is said that we value things in the proportion of what we pay for them: though it might not be the individual payer who will benefit, it will be his countrymen. The despatch is instinct with the principle that Indian private enterprise in other words should support its own higher education. The Government was only to give a lead in it; and here, my Lord, I think I may well refer to a matter in which my own community is especially concerned. I lay claim to no originality on the point, because I have seen it repeated over and over again in the public Press and elsewhere; but I repeat it here. The despatch refers specially to the old Parental Academy, an institution started by the domiciled community in order to educate their own people, and the despatch refers to it as the kind of institution that the Government should foster in this country. Well, my Lord, if the policy of the Government had been so shaped that private enterprise would have been more distinctly and decisively fostered, I think a great deal more justice would have been done not only to ourselves, who are in a mere microscopic minority, but to the middle classes of this country. It

is good for men to be stirred up to self-help, in that way, and I do say that if in this country more money was supplied by the classes who had benefited by higher education they would have undergone, in the self-denial which would have been imposed upon them, a moral discipline that would have re-acted in their favour, and it might have put a stop to sundry unpleasant eruptions that we have witnessed lately. It would have given us a more robust type of educated people, it would not only have given us colleges conducted by people who had paid for them, but it would have given us colleges in which the educated sons of this country would vie with Englishmen in teaching their young. They would have gathered from English people the best of English life and manners, and they would have taught Englishmen something that they need to learn, and these institutions would have been spread all over the country. I have no doubt, my Lord, that the Education Department is striving to do its very best, and I do not stand up to criticise merely or to condemn, but I do think that if a little more stress was laid in the future than in the past upon those portions of the despatch that encouraged private enterprise, a great deal more could have been done.

"One more point I wish to dwell upon that I would not have touched but that an Hon'ble Indian member has referred to it, and that is recruiting in this country. I shall say very little on this subject. I know all the difficulties of the subject, because I have studied it for over 20 years; but I do wish to say that I honestly believe that, if local recruiting had not been stopped here as it has been, the British Army would have been much the better by at least some men —I will not venture to say how many—and their money's worth would have been received in picked local recruits.

"In conclusion I wish to add my humble voice to that of speakers who have preceded me in thanking Your Lordship for what you have done for us all. I do not wish to use any set phrases, but I do wish to say that though I believe Your Lordship to be too large-minded to resent any difference of opinion in this Council, I do not think that there is anyone in this country who does not understand and appreciate the spirit in which Your Lordship has acted in this country; and I wish to thank you, my Lord, on behalf of myself and my community, most heartily and most sincerely that I am able to address you from this place today."

The Hon'ble MR. MAZHARUL HAQUE said:—"My Lord, the details of the Financial Statement were so thoroughly and exhaustively discussed in the committee stage that I thought that no room was left for discussion on the Budget in its final form. But the turn—the startling and unexpected turn—this debate has assumed in this Council has convinced me that human ingenuity has no limit, and can have no limit, in bringing inconceivable subjects under the purview of financial administration. Apart from the repetition and reiteration of the same arguments on irrigation, education,—primary and technical,—railway expenditure and what not, we had the pleasure of hearing the congratulations to the Secretary of State on the elevation of a natural leader of the people to the high post of an executive member of a Provincial Government. We had further the edification of listening to a grave and serious indictment of the Government of India in effecting the partition of Bengal, the great wrong and the terrible injustice that had been done to the people by this iniquitious measure, and an eloquent and pathetic appeal to Your Excellency to undo it. My Lord, I was prepared for a prolonged debate, but I confess that I did not imagine such subjects creeping into a discussion of the Financial Statement. I also find that most of the members here, both officials and non-officials, have had to say something on the general topics of the country. Well, I think, Sir, that I should be perhaps failing in my duty if I too did not speak on this occasion although till very late yesterday evening I did not intend to speak at all. So I crave the indulgence of this Council for a very few minutes—I shall not trespass on its patience for very long.

"My Lord, before I deal with the subject before this Council—the Budget —I desire to enter my most solemn and emphatic protest against the scene, the

[*Mr. Mazharul Haque; Mr. Dadabhoy; the President.*]

undignified scene, which we all so unwillingly witnessed in this Council yesterday. No less than four times Your Lordship pronounced the discussion on the partition of Bengal as out of order; but disregarding all the respect due to Your Excellency, and unmindful of the dignity of this great assembly, the speech was finished to the last sentence, even to the last word. The rules provide that the moment the President rises the member speaking shall resume his seat—I am sorry to say, my Lord, that this rule has not been observed up to this time by any one here—and that the ruling of the chair on a point of order shall be final. If the rules are not properly observed or observed only in their breach, I am afraid this Council will degenerate into a gathering of unruly schoolboys.

The Hon'ble MR. DADABHOY: "I rise to a point of order, Your Excellency. This is a matter for Your Excellency to decide. I do not think it is a matter which falls within the province of any other member to comment on."

His Excellency THE PRESIDENT:—"I do not think the Hon'ble Member is out of order."

The Hon'ble MR. MAZHARUL HAQUE:—"I thank Your Lordship. Playing to the gallery may be a fine and pleasant pastime, but when it involves the loss of our self-respect and dignity then it becomes rather a questionable proceeding. I hope and trust that in future we shall observe the rules and abide by the rulings of the chair. My Lord, I yield to none in this Council in freely, boldly, and if need be and if the interests of my country demand it even strongly, criticising Government measures; but there must be a limit to everything, and I draw the line when the decorum and dignity of this Council is at stake. But enough of this unsavory and unpleasant topic. I proceed to the consideration of the budget and the criticisms of the Hon'ble Members.

"My Lord, the dominating note of the discussion both in the committee stage and in yesterday's debate was a demand from both the non-official and official members for money—for more money. Among the non-official members the first place must of course be given to my Hon'ble friend Mr. Gokhale. He demands a few crores to be distributed over a number of years for primary education, and I confess that my sympathies are entirely with him on this point. I would curtail many of the expenditures in the Budget. I would go even to the length of imposing fresh taxation for this urgent reform. If it be heresy to plead for free primary education for my people, I plead guilty to the charge, and am ready and willing to take the consequences. Then my Hon'ble friend Mr. Dadabhoy wants 50 lakhs for his irrigation scheme. Again there is my Hon'ble friend Mr. Mudholkar with his one crore for a polytechnic institute, and also a modest sum of 6 lakhs for education and sanitation in his own Province—the Central Provinces and Berar. My Lord, as regards this last demand I would ask Your Lordship to give him a Legislative Council of his own and have done with it. This will save us in future from entering into the field of purely Provincial finance. My Lord, the official members from the different provinces are no better in this incessant and persistent demands for funds. This Council must have been struck with the fact that the official members one after the other got up and claimed for their own particular Province the distinction of being the most economical Province in the whole of India. My Hon'ble friend Mr. Fenton, whose forcible representation of the case of his Province we all so much admired yesterday, and whose speech was so excellent in every respect but for an unkind reference to the utterances in this Council of my absent friend the Hon'ble Pandit Madan Mohan Malaviya, proved to his own and I believe to the satisfaction of most of us that the Punjab was the most economical Province and was in great need of money. Well, I must say that he had converted me to his own views until I heard my Hon'ble friend Mr. Lyon, the champion of the new Province—the *bete noir* of all the other Provinces—and I hold fast to the view, until I am converted by some other

[*Mr. Mazharul Haque.*]

official member, that the Province of Eastern Bengal and Assam, in spite of the numerous attacks upon its finances, is really the most economical Province in this financially distracted country. My Lord, I do not pretend to be an authority on the finances of the country, but if my Hon'ble friend Sir Guy Fleetwood Wilson has experienced one-thousandth part of the perplexities of these demands and counter-demands that I have experienced, I can only say that I do not envy his position; I would not like to be in his place for anything in this world. My Lord, I am positive that the sympathies of my Hon'ble friend are entirely with the people of this country, and he would have liked to meet their demands in full; but the great spending departments of the Government of India are so many obstacles in his way. They are constantly hammering at his door and he, like the kindhearted gentleman that he is, cannot refuse them admittance.

"My Lord, fresh taxes have been imposed upon the country in a normal year and two reasons have been assigned for this unusual course. The first is the contraction in the opium-revenue and the second the expenditure consequent upon the creation of the new Province. I need not speak much on the first point, because it has now been admitted that no country has any right to traffic in and benefit from the immoral habits of another country. As my friend Mr. Gokhale so well said the other day, that so long we have benefited from this traffic, and it is only just and right that we should bear the loss now.

"As regards the expenditure in the new Province I am aware that I am treading on delicate ground. My Lord, this is neither the proper time nor the fit occasion for a full discussion of the subject of the partition of Bengal. Your Lordship has ruled it out of order as irrelevant. I wish that my Hon'ble friend Mr. Bhupendra Nath Basu, whom I am sorry to find absent from his place today, had brought this question in the form of a resolution and invited this Council to pronounce its verdict by pressing it to a division. Then and then alone the country would have been able to fully judge of the views held by the several parties to this question. As yet the people unaffected by this measure, and for that matter the British public itself, have heard only one side of the question. The other side has not been heard at all. But the time is coming, and soon coming, when the other side will also be heard, and that in no uncertain voice.

"My Lord, let us turn to the financial aspect of this question. Before the creation of the new Province the outlying parts of the old Province were shamefully neglected. My own Province of Behar was incessantly crying for money to carry on some of the much-needed improvements and reforms; but the invariable excuse was lack of funds. Behar is the most densely populated part of the two Provinces—as a matter of fact I might say of the whole of India. From being one of the richest and healthiest Provinces it has become the poorest and the most unhealthy. Now it is the centre of famine, plague and malaria. The case of my co-religionists from Eastern Bengal—and there are no less than 18 millions of Muhammadans in Eastern Bengal—has been so well put and so eloquently pleaded by my Hon'ble friend Maulvi Shamsul Huda, that I need not go over the same ground. Before the partition the Beharis and the Muhammadans of Eastern Bengal were simply hewers of wood and drawers of water. They had no voice, no influence in their own country. Calcutta and a few other districts had simply sucked our life-blood. But all this is changed and changing every day. If Bengal Proper has become self-conscious, we Beharis have also become self-conscious and are vigilant and alert in asserting and protecting our rights and interests.

"My Lord, my Province requires financial help, which has now become possible. We heard yesterday about injustice involved in this administrative measure. Injustice indeed! It is for those parts of the Province which have been starved up to this time to complain of injustice and not for the hitherto pampered pets of Government. My Lord, you cannot have good and efficient government without paying for it. I ask this Council whether it is safe to keep the teeming millions of Behar and Eastern Bengal steeped in ignorance and darkness for lack of funds? Is it fair, is it just? Do we not pay our fair proportion of taxes? Then why should we not derive proportionate benefits? My

[*Mr. Mazharul Haque; Sardar Partab Singh. Sir Guy Fleetwood Wilson.*]

Lord, on the strength of the views of Lord MacDonnell, the partition of Bengal has been called a blunder and Your Excellency has been invited to undo it. I, on the other hand, knowing and realizing full well the responsibility that attaches to the utterance of a member of this Council, most emphatically assert that if the Government meddled with this beneficent measure it would be committing an act of supreme folly. It would be creating serious discontent and unrest where none exist now.

"A few words more, my Lord, and I have done. I beg to repeat my congratulations to my Hon'ble friend the Finance Minister for producing a budget which is certainly the best that could be produced under the circumstances. I sympathise with him in being compelled to impose fresh taxation, but at the same time rejoice with him in arranging it in such a manner that the burden will fall lightly, if at all, on the poorer classes, and I wish him a prosperous Budget for the next year, in the hope—and I hope my Hon'ble friend will remember these words—that he will be able to give a sympathetic hearing to the numerous representations of the non-official members of this Council. I do not want crores, but only a sympathetic consideration of our requests.

"My Lord, my final appeal is to Your Excellency personally. We Indians are not ungrateful people and cannot forget all the good that Your Excellency has done to our country. I hope, my Lord, that in your well-earned retirement and rest from the cares and anxieties of State, Your Lordship will forgive my country some of the deplorable incidents that have recently occurred and that Your Excellency will sometimes remember old India."

The Hon'ble SARDAR PARTAB SINGH said:—"My Lord, I have no intention of joining the band of critics who have assailed the Hon'ble the Finance Member, although his conscience, where Punjab finances are concerned, must be somewhat uneasy. I do not intend to depart from the purely defensive attitude adopted by my Hon'ble Colleague, the official representative of my Province; but that attitude, my Lord, is not inconsistent with the expression of an intimation that we are willing to receive any subvention that may come our way, and we will raise no objection if the Hon'ble Finance Member conveys it in the form of 'conscience money'."

The Hon'ble SIR GUY FLEETWOOD WILSON: "The Finance Member, if I may be permitted to say so, is usually in receipt of conscience money; he does not pay it."

The Hon'ble SARDAR PARTAB SINGH: "Nor do I propose to raise the question of Lord Curzon's partition of Bengal even from the financial point of view, though they do appear to have been making rather a mess of it in the new province, across our border, judging from the latest news from Peshawar. The Peshawar riots, however, suggest a reply to the Hon'ble Mr. Lyon who has twitted us about the number of our police. I am afraid, my Lord, that the character of the people of Northern India is such that they are rather given to breaking each other's heads. Were this practice of settling disputes abandoned in favour of that more in vogue in Eastern Bengal, our police bill would no doubt be less and our court-fee income more. It should be remembered, moreover, that there is a good deal of what may be called hereditary crime still in the Punjab—blood-feuds and cattle-thieving. The time is not long past when cattle-raiding was a profession for gentlemen, as it once was on the Scottish border, and in the more remote parts of the Province hereditary proclivities are wont to survive. Finally, as regards the number of our police, do we not, my Lord, give a home to the Government of India for seven months of the year, and must we not take measures to protect them? I have referred to the vogue for litigation in Eastern Bengal. I am afraid that the growth of the litigious spirit in the Punjab too has become very marked. There is something wrong about our judicial system. The Criminal Procedure Code was designed for the protection of accused persons at a time when the position of the legal profession in the country was not a very

[*Sardar Partab Singh; Lieutenant Malik Umar Hyat Khan.*]

prominent one. Now our friends the lawyers have become so powerful, that it is the Courts and Magistrates who require protection. The prolongation of proceedings in criminal cases has become a public scandal, and, it is needless to say, costs the tax-payer a very heavy sum indeed. When, as is often now said, the judicial has come to overshadow the executive, it should not be forgotten that the judicial may be entirely in the hands of our lawyer friends. The Punjab is the last province in which the transfer of power from the executive to the judicial should be allowed, and for this reason I would appeal to the Hon'ble the Home Member to give his support to the proposals of the Local Government for bettering the position of the executive side of the Provincial Civil Service. The Extra Assistant Commissioners employed on executive work are at present at a very considerable disadvantage in the matter of pay and prospects as compared with those in the judicial line. The betterment of their position will cost nothing to Imperial finances because the Punjab Government, I believe, bear all the cost.

"I cannot conclude these remarks, my Lord, without expressing the gratitude of my province, and especially the aristocracy of my province, to Your Excellency for the kind and gracious interest which you have always shown for us. It is no long time when we were organizing the Punjab Chiefs Association, and I can never forget Your Excellency's kind help and encouragement to me in the work which I had before me then, and I can assure Your Excellency that after Your Excellency is settled in your country and in your home there, Your Excellency's name will ever be remembered with affection and with respect by the aristocracy of the Punjab.

"My Lord, my friend the Hon'ble Mr. Mazharul Haque, referring to the remark made by the Maharaja of Burdwan in connection with the appointment of the Maharaja of Bobbili to the Executive Council of Madras, has referred in a sarcastic way to the words used by the Maharaja of Burdwan, 'the aristocracy being the natural leaders of the people in this country.' My Lord, all I wish to say is that time alone will prove whether they are or not."

The Hon'ble LIEUTENANT MALIK UMAR HYAT KHAN said:—"My Lord, as the time at our disposal is short I have given up the idea of touching on certain important subjects. In the beginning I wanted to bring them to the notice of Government either by way of questions or resolutions. But when I found that they did not suit the current financial circumstances, I thought they would involve a useless waste of time, energy, and also money which is spent on these enlarged Councils.

"Yesterday I meant to discuss many subjects, but as a good number of them have already been dealt with by the Hon'ble Members in their various speeches I have carefully avoided their repetition.

"Knowing that Your Excellency was going to give me a chance on this Council I have been carefully studying the budget speeches for the last few years, which so impressed me that I could not make out why the Government could not see its way to accept certain useful and necessary proposals urged by certain Members.

"However, seeing things closely now, I have found out that all the different heads in the budget for which certain sums have been allotted have been first carefully considered by the heads of the various departments and then thoroughly examined by the Hon'ble Finance Member; and although the budget is an approximate estimate and thus open to discussion, yet I think that only small and reasonable changes can generally be possible in it; and any offhand criticism may be based on defective information, as one can plainly see from the sweeping changes proposed by taking crores from one head and thus ruining it, and putting crores under the other favourite one for which the critic's mind may have been prejudiced. We do not object to wholesome criticisms which may sometimes prove very helpful, if they be based on strong grounds, by equally considering and balancing the necessities of all different heads.

"My Lord, there are only two points I want to briefly mention today.

[*Lieutenant Malik Umar Hyat Khan.*]

"The first is that there is a change most necessarily required of making such alterations in those sections of the Indian Penal Code which deal with the offences against the State as to make them more stringent, and I think the Government will have to do this sooner or later as a preventive measure, and I hope it will not wait to be able to make a strong case by giving illustrations as my Hon'ble friend Sir Herbert Risley, who had to show strong reasons by giving a string of illustrations to justify his introduction of the Press Bill. My Lord, I can see the thickening of clouds and am sorry to differ with the opinion that everything has passed off.

"I should like to ask Your Lordship to redress every grievance if possible by inviting public opinion in such a way that the interests of one community may not suffer or clash with the other. I must ask for funds even if there be very little available at present for the appointment of a Commission or Committee to inquire into the causes of present discontent and the grievances of individuals as well of communities, and to suggest plans how to remedy all this and to hear petitions directly sent to them which would place that body in possession of real matters on a large scale. In this way much good can be done, and even the aggrieved and dissatisfied, whose troubled minds cannot rest without doing something or other, may give vent to their feelings and be relieved to some extent, and any money spent in this direction will be well spent.

"At the same time I strongly urge that we should award severe punishment to State offenders and for the suppression of open and subterranean currents of sedition. In connection with this, though I know a good bit has already been done in that direction, I should ask the Government to be still more liberal in increasing the power and scope of the Criminal Intelligence Department. I know, my Lord, that at this stage the expenses incurred on my above suggestion would be more useful than any other scheme, be it railway, irrigation, productive or non-productive, debatable or non-debatable, as all these schemes are meant for ordinary life and prosperity, while the redress of grievances appeals to sentiments and to the mind which sometimes decides at the spur of the moment to bring a speedy end to itself in whatever best financial and prosperous circumstances it may be.

"My Lord, I shall now briefly touch on the other point, that is, our present system of education. But as it was thoroughly discussed the other day, I do not like to go into the details. I shall come to the conclusion at once and again ask for a most needed fund to appoint a Commission, not to devise means to put big schemes into operation, but entirely for a different purpose, that is, to suggest some definite and useful changes in the present system of education, the curriculums of our schools and colleges, and the time for school hours and for the introduction of technical education on an improved scale. My Lord, this scheme will not require so large a sum of money as was calculated the other day, but only a portion of the sum budgeted under Education in the current estimate.

"My Hon'ble Colleague the Maharaja of Burdwan has said all that I wished to say about the chief causes of sedition, and I only suggest this as a possible remedy.

"No number of higher or lower grades of service along with the increased technical education would absorb the overflow of students, and that only would be a temporary relief up to some extent.

"I should like to see some changes introduced in the course of teaching as would suit the ancestral occupation of the students. At present a boy is required to sit for 5 or 6 hours in the school and spend the best portion of the day there and then in cramming his prescribed lessons and exercises. In old times there existed a system in India, the old *maktab* system, which was very useful and suited to the requirements of the country and its people. Lessons and preparations all had to be done there and then in the presence of the teacher, which saved the trouble of reference to books and dictionaries, and the rest of the time the boys could use for their own occupation. The above times were chosen as not to

[*Lieutenant Malik Umar Hyat Khan; Nawab Saiyid Muhammad Sahib Bahadur.*]

interfere in their daily work in life. My Lord, I have said the above in the way of a suggestion; I do not insist that all this be taken up at once; I shall only urge that these proposals be given a full consideration whenever funds are available, and my only appeal is, the sooner the better. If, however, these necessities can be met with by any means other than those I have suggested, I shall be quite satisfied.

"Now a few words in conclusion to thank Your Excellency for granting a representation to the dumb masses on the Council. The small class which had already got a number of voices and by making them constantly heard brought on a large reduction in its own taxation by curtailing the rights of others by the virtue of possessing and thus being able to put in more and able spokesmen to fight its cause.

"But, my Lord, we are contented, we are happy and satisfied. We may eventually calmly, quietly and without making any fuss submit for consideration of the Government an equilibrium of taxation and a few other minor differences which exist between the agriculturists and non-agriculturists, and in this way we earnestly ask the support of Government that our low voices should not be hampered by the strong combination of higher and louder voices. We are thankful to them when they try to help us, but as they are not in constant touch with us their help is not always beneficial.

"Lastly, I have to thank Your Excellency on behalf of the landowning classes, for the keen interest Your Lordship has taken in our welfare and for the countless benevolent measures adopted for our good, among which may be mentioned the vetoing by Your Excellency of the last Colony Bill, which has saved them from many unnecessary expenses and which I had the honour to oppose on the Punjab Council, and the passing of the Punjab Land Alienation Act, which was a most statesmanlike step and has since proved a great success and has saved land-owners from the strong clutches of the money-lenders and the benefits of which will be reaped by generations, and which I should like to see sooner or later applied to sister Provinces wherever it may be needed. My Lord, I am glad to say that the Punjab peasantry, the chief recruiting ground of the Indian Army, has always remained thoroughly loyal and trustworthy, and I can assure Your Lordship that we shall always remain such and shall be ever ready to run down the British enemies wherever they may be, as we have been doing since about the commencement of the British Raj in India; and I strongly support the views of my Hon'ble Colleague Mr. Fenton who in the speech of the season has been able to impress the necessity of more money for the Punjab. We have brought under cultivation vast tracts of waste land and provided labour for the canal works, and have brought prosperity to India, and it is only natural that we should be rewarded for it.

"I congratulate our Finance Member on the budget as a whole, but one would not like to be in his position, particularly on the dates of budget debates. I would have liked to say something on the present taxation, but my Hon'ble friend Shamshul Huda has left nothing to be desired.

"At the end, my Lord, while thanking Your Excellency for all you have done for our country in the way of reforms, etc., etc., and for seeing them through along with innumerable acts.

"We all feel sorry that Your Excellency's term of office is coming to a close. Being able to know my own heart better, I think I feel it most strongly.

"But, my Lord, we have got one consolation. We know that Your Excellency's heart will be always with us.

"May Your Lordship live long to support our cause in England and prosper."

The Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR said:—"My Lord, with Your Lordship's permission I beg to offer a few observations and that very briefly. While speaking on the Budget in past years I drew the attention of the Government among other things to the imperative necessity of effecting retrenchment in the various departments. The Hon'ble Sir Edward Baker agreed with me in the suggestion, but he said that the growing needs

[*Nawab Saiyid Muhammad Sahib Bahadur; Mr. Robertson.*]

of India will not permit of any large reductions being made. Last year the Hon'ble Sir Guy Fleetwood Wilson was silent on the point. But I am very glad my Hon'ble friends Mr. Gokhale and Mr. Subba Rao pressed the matter in the course of the present discussion. The matter is one of great urgency, and as I do not wish to minimise its importance I again bring it to the notice of the Government. My Lord, according to the well-known saying, economy is itself a great income. If the Government is able to effect retrenchment and apply the savings to the many useful purposes which were suggested during the current session, without having recourse to fresh taxation, the people will be thankful to the Government.

" My Lord, it is my pleasant duty to associate myself with the remarks that have fallen from several of my Hon'ble colleagues—remarks that are full of thankfulness and gratitude to Your Excellency. You have, my Lord, generously given the best in you to the people of this country, and I beg to take this opportunity of expressing the extreme gratitude of the people of my Presidency which I have the honour to represent. At the same time I give expression to the feelings of regret at the prospect of Your Lordship's approaching departure from this country.

" Now, my Lord, coming to a subject touched upon by my Hon'ble friend Mr. Bhupendra Nath Basu, I am very sorry to say that he spoke on the much discussed question of the partition of Bengal in the first Budget debate of this reconstituted and greatly enlarged Council. I confess am obliged to refer to this matter and cannot help expressing my own opinion on such an important question.

" My Hon'ble friend is aware that this question has been regarded as a settled fact by the highest authorities, and I therefore think it is futile to attempt to re-open it, from an administrative point of view. The people who are closely concerned and affected by the measure both financially and otherwise are the people of East Bengal, and according to what has fallen from my Hon'ble friend Syed Shamsul Huda it seems to me that the people of that Province are quite content with the present state of affairs and would be opposed to any change. I recognise that the people of Bengal were opposed to the partition and it was carried against their will, which the Hon'ble Member said has brought on financial disaster. But, my Lord, that is no reason why such an act should be repeated against the wishes of the people of the new Province, which I am afraid will bring on a still greater financial disaster and many administrative difficulties.

" In conclusion, I beg to congratulate the Hon'ble the Finance Member for placing before this Council what may be called on the whole to be a satisfactory Budget."

The Hon'ble MR. ROBERTSON said:—" My Lord, it has been customary at the closing meeting of the session for the members in charge of the different departments of the Government of India to pass in review the leading features of the year's administration. The increased facilities for debate which now obtain render it unnecessary to continue this practice, and I shall not incur the risk of being called to order by Your Excellency by attempting to enter upon any general dissertation on the subjects which have engaged our attention during the past year. In the few remarks which I have to make, I therefore propose to confine myself to one or two questions affecting the Department of Commerce and Industry which arise from what has been said by previous speakers.

" I shall take first the speech of the Hon'ble Mr. Chitnavis. I hardly expected that it would be necessary to refer to the policy of Government in industrial matters after the full discussion which took place in the Council on Wednesday last on the subject of technical education. We had then the theory strongly put forward that what India wanted was the highest possible instruction in the industrial arts. Today we have had other panaceas suggested for the industrial ailments of the country, ranging from strong measures of protection to the subsidising of capitalists by Government and the starting of Government factories. On the first of these remedies this is hardly the occasion to enter into a discussion, but I wish to say something about the further suggestions of my Hon'ble friend. If I understand him aright, he would have Government come to the rescue and

draw out capital for investment in industrial enterprise by means of subsidies, and further start model factories to show the way in the working of new manufactures. His object is one which I quite understand. He says, do not turn out highly trained young men before there are openings for their talent, or they will be idle and discontented and may become a source of anxiety to Government. Now I think there is a great deal in this, and it bears out the points that were made by the Hon'ble Sir Harvey Adamson in last Wednesday's debate. The policy of Government, as then explained, is by all means to advance industrial study, but to do it on cautious and practical lines suited to the needs of the country.

"But when I come to the measures which my friend has proposed for the industrial regeneration of India, I fear that it is impossible for me to agree with him. Unless I am mistaken in regard to his suggestions, I gather that the subsidies that he would give are to be particularly ear-marked for inducing Indians to enter the field. He surely cannot in fairness expect that Government could take up such a position. I am further surprised that he should have such a poor opinion of the business capabilities of Indians as to think it necessary that they should have to be led by the hand in the manner he suggests. In his own part of the country there are commercial undertakings which are most successfully managed by his countrymen without any question of Government subsidy or Government leading. He has heard of the great Empress Cotton Mills at Nagpur, which are managed by an Indian, and which no less an authority than Sir John Hewett in his opening speech at the Naini Tal Industrial Conference has described as the model of what a cotton mill ought to be. He must also have heard of the growth of the manganese mining industry in the Central Provinces in which Indians have taken a not unimportant part. If examples for the encouragement of enterprise are wanted, these are some, and I think the Hon'ble gentleman may take it that they are better examples than could ever be furnished by Government subsidized or Government managed concerns.

"And with regard to this second suggestion of Government management, the Hon'ble Member must surely recognise how difficult, if not impossible, it would be for Government to conduct a business of the nature and on the scale he advocates on a strictly commercial basis. I, for one, am sure that it would be most unlikely to serve as an object lesson to a nervous capitalist. There are ways in which Government can help the industries of India: these have been referred to on previous occasions in this Council and I shall not detail them now. But the Hon'ble Member must recognise that there is a point at which Government assistance must stop and the enterprise of the people take its part.

"The Hon'ble Sir Vithaldas Thackersey has mentioned the new Factory Bill and has made the suggestion that the recommendations of the Factory Commission have been set aside under orders from England. The Hon'ble Member no doubt refers to the proposal to limit the hours of adult male labour which has been embodied in the draft of the Bill. I can assure him that he is mistaken as to this. The decision that direct limitation of the working hours of men was necessary in the circumstances of India was taken by the Government of India without any suggestion from home, and it was taken after very full consideration of the subject and with the very general concurrence of the Provincial Governments. In this connection the Council will perhaps expect to be informed of the stage at which this Bill has arrived. It will be remembered that it was introduced in Council on the 30th July last, when the Hon'ble Mr. Harvey explained at some length the main provisions of the measure. It was then referred for the opinions of Local Governments and others interested in the subject, prior to reference to a Select Committee. The opinions of Local Governments were not, however, all received till the middle of January. The Bill is an elaborate measure and the numerous points raised require careful and mature consideration. It would have been quite impossible in the circumstances for a Select Committee to complete or even do more than commence their deliberations on the Bill in the short time at our disposal this session, and the Bill has therefore had to stand over till the Council meets next cold weather."

[*Mr. Miller.*]

The Hon'ble MR. MILLER said:—"My Lord, the Hon'ble Mr. Mazharul Haque complained of the irrelevancy of some of the subjects that have been introduced into our debate yesterday and today. This is no doubt true, but I think that no one who has had any experience of the proceedings of the old Council will fail to agree that, while the discussion has as usual, and as is almost inevitable, ranged over a very wide variety of subjects, still there has been a distinct tendency, a noticeable tendency, to confine it more closely than before to matters that are connected, though that connection may sometimes be slight, with the finances of the country. There have been some exceptions, but I propose to follow the general example and to confine myself today strictly to matters arising out of the Budget. Looking back over the various discussions we have had this session, I am not sure that there is not a good deal in them that may give the Finance Member cause for apprehension. It is true that recently a great deal has been said, and very rightly said, about the necessity for economy, but in the discussions which have passed we have had many suggestions made that show how strong the tendency will be in future for the expenditure of the country to develop at a rapid and perhaps at an almost alarming pace. The claims of education in general and of technical education in particular, the claims of irrigation and of sanitation, these have been urged with great force and with arguments against which there is little to oppose except the argument of finance. At the same time, it is pointed out, and the official members have shown us, how inevitable it is that the expenditure of the Civil Departments will go on increasing. I think myself, as far as I can forecast the future, that there are bound to be further increases in those departments, both on account of the demands for greater efficiency and because the rise of prices and other causes tend to throw always increasing charges upon the Government. It is all very well to talk jestingly of 'efficiency' with a capital 'E.' I understand that efficiency with a capital E means a bureaucratic efficiency, efficiency such as all the departments wish to achieve; and efficiency without a capital E means real and genuine efficiency such as commends itself to the particular speaker. But I am not certain, my Lord, whether the demands of the latter class of efficiency will not involve us in just as heavy expenditure as the former, and I am quite certain, looking to the conditions under which the administration of this country is carried on, that you will not have efficiency in the wider sense without a good deal of the efficiency in the departmental sense. Having in view all these causes that must tend to increase the expenditure in this country in the future, I am in entire agreement with those who attach the greatest importance to the observance of economy. I think it is hardly possible to over-rate the importance of a strict attention to economy in all branches of the administration of India. It is necessary in all countries that expenditure by the State should be closely scrutinized, and it is certainly no less necessary in India than elsewhere.

"In the departments with which I am more particularly concerned, reference has been made to the question of restricting expenditure on settlements, of spending money more freely on irrigation, and of taking up more vigorously the question of the supply of cattle. I propose only to make a very few remarks on these points. The simplification of settlement procedure is an object to which the Government of India has always attached the very greatest importance. There is hardly any temporarily settled province in which much has not been done to simplify and shorten the procedure and to prevent the inevitable harassment to which settlement proceedings must temporarily always give rise. I do not however think that we are likely to attain to the ideal which the Hon'ble Mr. Mudholkar placed before us yesterday. I doubt if it will ever be possible to vary assessments solely with reference to changes in prices. There are very great difficulties in this matter. It has been discussed much in the past; I have no doubt it will be discussed again in the future, and I certainly do not propose to detain the Council by going into the subject at any length today. My own opinion is that, while simplification is in every way desirable, it is not likely to be carried so far as the Hon'ble Member suggested yesterday. At the same time the Council and

the Government ought to think very seriously before foregoing the system of periodical investigation, and if necessary of periodical re-valuation, which has been handed down to us in this country, and which other countries now seem to show a desire to emulate.

"Regarding cattle, I have explained on more than one occasion that the Government of India and Local Governments are fully alive to the importance of this question. The problem was very fully discussed in all its bearings at the Conference held at Lucknow last year, and I should like to refer my Hon'ble friend Mr. Chitnavis to the conclusions that were then arrived at by a very large and very representative Committee. I have explained to him before how the question of a cattle survey stands, and I will only say now that I think he would on reflection admit that an attempt to make a census of cattle at the same time as the ordinary census of this country would be attended with very great difficulties and probably with an expense which the result would not justify.

"In regard to irrigation, there is a very substantial amount of agreement between my friend Mr. Dadabhoy and myself, though unfortunately we always seem to express ourselves differently. The works in which the Central Provinces are interested are works which must, under existing arrangements, be financed from revenue. That is the actual position and I at least must take account of actual facts. The amount made available for financing those works is now not sufficient to carry on the programme of protective works at the pace at which our engineers are able to undertake it. Up to a year ago, it was sufficient, but that is no longer the case. We have, however, as the Council has been informed by my Hon'ble friend Mr. Jacob, been discussing arrangements for making a larger sum available under which we shall be able to undertake a larger programme and to carry it through more quickly. I am quite aware that it has been a great disappointment to the administration in the Central Provinces that they have not been able to start work on the one great scheme which has been sanctioned for that Province, the Tendula Canal; but it would be useless to start work unless we could look forward with some confidence to carrying it through uninterruptedly. I hope we shall soon be in this position, and that if the state of the finances improves, as we all hope, that we shall be able to sanction the beginning of this work. The Government of India fully recognise that this is a work from which very great benefits are likely to be derived in a tract a great part of which has suffered severely from famine. We also recognise that, through it is classed as a protective work, it is on the very verge of being a productive work, and that any improvement in the rates which the people may be willing to pay for water or any other improvement in the financial position may bring it into the productive category. For that reason we are anxious, if possible, to see it start. My Hon'ble friend Mr. Phillips has suggested that a grant of three lakhs would be exceedingly useful at the present time. I cannot of course make any promise that such a sum will be found, but I may say that his remarks on this subject will be considered. The question of course whether any grant can be made or not will depend to some extent on the arrangements that can be made for carrying on the work.

"I have listened with much interest, my Lord, to the tale of the hardships of the various Local Governments and to the competition as to which should be given the lowest place. I once belonged to a very sorely afflicted Local Government myself. I had some responsibility for its financial arrangements, and I must admit that I held very strong views on the subject at that time, so strong that I do not know that I could refer to the proceedings of those days now with the reserve and impartiality which are necessary in my position. I understand, from what my Hon'ble friend Mr. Holms has said, that the position in the United Provinces has very greatly improved, though I think he has some justification for not professing himself altogether content; and I observed with great interest that another Hon'ble Member who represents the Province of Bengal, and whose impartiality must therefore be unquestioned, had also a good deal to say about the finance of the United Provinces. We may, however, I think, give the palm for a forcible and picturesque representation of the difficulties of Local

Governments to my Hon'ble friend Mr. Fenton. Nothing could well exceed the strength of the description which he has given of the position of the Punjab, and he made one or two remarks to which I should like to refer, though of course I have no intention of entering upon the general financial question as between the Imperial Government and the local one. The Hon'ble Member asked for a freer hand for his Local Government in its revenue policy. I need hardly say at this time, when the claims of decentralization are very much to the fore, that the necessity of giving Local Governments as free a hand as possible is not likely to be overlooked. At the same time, the Government of India must maintain its control over general questions of policy, and I cannot myself understand how any control that the Government of India may exercise could have such serious results as the Hon'ble Member referred to on the spending departments of his Province. Nor am I quite sure of the accuracy of the Hon'ble Member's description in all other respects. Since he made his speech, he has been very liberally supplied with figures from other speakers, some of which must have suggested to him that there are other provinces where the hardships are scarcely less than they are in the Punjab, and perhaps he may have felt that he had overstated his own case. There is one statement in his description of the position that I fail to understand, though perhaps the fault may be my own. I do not know, and he has not explained in his speech, the exact meaning of his reference to the fact that of the assessments in the Canal Colonies, the Finance Member takes 15 annas and the Punjab is left with only one anna."

The Hon'ble Mr. FENTON: "My Lord, if time had permitted yesterday, I would have gone on to explain that, whatever the Punjab Government receives on account of irrigation revenue is virtually, and has been for some years past, and will for some years to come, be of the nature of a fixed assignment, a fixed assignment of $30\frac{3}{4}$ lakhs neither more or less, which the Punjab gets on account of the profits of irrigation. When I said that the Punjab Government gets only one anna out of the assessment in the Chenab Colony, I excluded the irrigation revenue, because the Punjab share of the same does not depend on the actual assessments but is of the nature of a fixed assignment."

The Hon'ble MR. MILLER:—"My Lord, I am still in the dark. I inquired as to what the division was, and I understood that both irrigation revenue and land-revenue were divided in the ratio of ten annas to the Imperial Exchequer and of six annas to the Provincial. What I have understood from the other remarks my Hon'ble friend made was that he wished to point out that out of the Provincial six annas, five annas were spent on the cost of administration. He mentioned those costs at some length; he referred to the question of jails, Magistrates, treasuries, expenses of collection and growth, and so on. I understood that five annas went to these, and that only one anna was left over; but I understand now that this is not the case."

The Hon'ble MR. FENTON: "What I meant was this—that whatever the Punjab Government gets on account of irrigation is a fixed quantity, which does not vary from year to year, and that it is of the nature of a fixed assignment, an assignment of $30\frac{3}{4}$ lakhs. Every year since the Provincial settlement came into operation the Government of India has had to make up the difference between the actual receipts and this fixed assignment; under such conditions it is not incorrect to regard all irrigation receipts as Imperial revenue, the Punjab share of the assessments being confined to three-eighths of the land-revenue."

The Hon'ble MR. MILLER:—"I do not see how the Hon'ble Member has proved his case, but I do not propose to say more about this particular calculation.

"The Hon'ble Mr. Phillips, in dealing with the finances of his Province, has carried us back to the times of large expenditure on famine. He gave a very interesting account of the manner in which the late famine was dealt with

[*Mr. Miller; Sir Harvey Adamson; Sir Guy Fleetwood Wilson.*]

in the Central Provinces. The Government of India have already endorsed what he said about the efficiency and economy of those operations, and I need not add anything on the subject now. I only express personally the hope that the finances of the Province will not suffer in the long run.

"These allusions to famine carry us back to a time that is fortunately past. The budget of the present year makes no provision for similar expenditure; the reports from almost every part of the country are most satisfacory; and I trust that the year before us will not disappoint the promise with which it begins."

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The Hon'ble SIR HARVEY ADAMSON said:—"I wish to say a word about what fell from the Hon'ble Mr. Haque about the regrettable incident that occurred yesterday. The Hon'ble Member spoke with disapprobation of the conduct of the Hon'ble Mr. Bhupendra Nath Basu in ignoring the ruling of His Excellency the President, but he exaggerated the wrong that was done when he said that the Hon'ble Mr. Basu had continued to the end of his irrelevant remarks The Hon'ble Mr. Basu was prevented by the intervention of His Excellency the President from delivering more than two or three sentences of what he was prepared to say. The ruling of the chair was in fact enforced.

"The only point that has come up in this debate which requires an explanation from the Home Department is the separation of judicial and executive functions which has been referred to by the Hon'ble Mr. Dadabhoy and the Hon'ble Mr. Madge. The Hon'ble Mr. Dadabhoy has remarked that no provision has been made in the Budget for the separation of judicial and executive functions, and has enquired why the experiment which I outlined in this Council two years ago has been postponed. The scheme has not yet been submitted to the Secretary of State for three reasons. First, the reports of the Governments of Bengal and Eastern Bengal and Assam have shown that the experiment would cost considerably more than was anticipated, and as neither the Imperial Government nor the Local Governments are in a position to find the money the experiment must stand over. Second, it must be admitted that the scheme is regarded by influential sections of opinion in both provinces as calculated to weaken the power of the District Officer. The Hon'ble Mr. Madge has referred to this. The Government of India do not share this opinion, nor I may say does Sir Edward Baker. Nevertheless it is widely entertained by classes whose views are entitled to consideration. In the present condition of the provinces it is inexpedient to start a scheme regarding which there is so much diversity of opinion. Third, during the past two years crime of a political nature has overshadowed the peace of the two provinces, and in these conditions it is undesirable to make delicate experiments with the judicial system. I may add that something already is being done in the direction of separation in districts of Eastern Bengal and Assam to which additional District Magistrates have been appointed. I regret the postponement of the experiment, and I do not doubt that in more satisfactory conditions separation between the functions will eventually be carried out; but I fully concur in the reasons for the postponement."

The Hon'ble SIR GUY FLEETWOOD WILSON said:—"My Lord, I should like to give the speech of each individual Member the attention which it deserves, but the time at my disposal does not admit of my doing so. I shall therefore deal with the speeches by groups of subjects rather than with the speakers. There are one or two points as to which I must make an exception. The first relates to the prices enquiry which was referred to by the Hon'ble Member opposite.

"I thank the Hon'ble Mr. Dadabhoy for his kindly reference to me, but I must say quite candidly that it was with profound regret that I heard him discredit in advance the result of the enquiry which we have entrusted to one of his own countrymen. The difficulties which Mr. Datta will have to grapple with are sufficiently great, and it is neither just nor generous to decry the outcome of his labours. I at any rate believe that our choice will be amply justified and that Mr. Datta's research will be of great value.

[*Sir Guy Fleetwood Wilson.*]

"I cannot pass unnoticed Mr. Chitnavis' advocacy of economy. I welcome it, thank him for it, but I must say in reply to his hope that I may devise a means for keeping down expenditure that the reduction of expenditure rests with the Government of India as a whole and must be supported by the enlightened opinion, both English and Indian, in the country if it is to be effective.

"The Hon'ble Raja Partab Singh's speech was not delivered, because I think he is not familiar with the English language. It is given in the papers this morning, and I only allude to it for the reason that the Hon'ble Member was not, I think, present when the budget was first discussed, and he cannot have been present at the subsequent discussions which took place when the various resolutions were gone over.

"He travels over the whole of the questions which in some cases had been voted upon. I hope I shall be forgiven if I say that this plan of re-discussing questions which have not only been the subject of resolutions but have been discussed very fully and actually voted upon, is one which, if I may be permitted to say so, would in some assemblies stand a good chance of being ruled out of order. I have only one remark to make as regards the Hon'ble Mr. Quin, who complained that he wanted a bigger piece of cloth as his coat was getting too small for him. May I suggest that instead of a frock coat, Mr. Quin should wear a more homely garment, such as a jacket. That is the principle which I should like Provincial Governments to work to.

"The Hon'ble Mr. Fenton's forcible speech was marked by great ability, and I am sorely tempted to deal with it as fully as it deserves.

"He began by conclusively proving that the Punjab is the perennial home of earthquakes, plague, pestilence and famine, and concluded by likening it to a shorn lamb which I, the cruel shearer, have turned out to starve in the cold.

"His eloquent peroration, which time did not admit of his delivering but which I have read with interest in this morning's paper, dealt mainly with sheep.

"I should be disposed to vary it somewhat and to say rather that the provinces appear to be not unlike fat sheep who having fallen on their backs are incessantly baaing to me to put them on their legs again. Indeed of all the flock the gentle lamb of Madras alone greets me with a friendly bleat.

"Mr. Fenton reproaches me with retaining 15 annas out of his every rupee. Bearing in mind some features of Punjab expenditure I can only say in the words of Clive that 'I marvel at my own moderation.'

"One of the most useful purposes which this discussion has served for many years is the opportunity it affords to provincial representatives (both official and non-official) of putting the financial needs and difficulties of their provinces before us in a friendly, temperate, able and, in some ways, informal manner. This feature of the discussion has been well maintained today and yesterday, and I have listened with much interest to the speeches of Hon'ble Members on the affairs of their respective provinces. I recognize much force in what they have told uss: and I am sure we respect the patriotic zeal with which they have pressed their points. I can assure them that their views will be most carefully considered.

"The remarks which I made on provincial finance when presenting the Financial Statement may have been somewhat misunderstood. Nothing was further from my intention than to allot blame or to classify the provinces in any sort of financial order of merit. I have learned something of the difficulties of the provinces. They have less elasticity in their finances than the Imperial Government, for the simple reason that they have no independent powers of taxation. They have become committed to expenditure, which they find it difficult to curtail in a hurry. They have their times of calamity and forced retrenchment; and they are apt to think that the Central Government sometimes drives hard bargains with them. I recognize all this. I gladly make allowances for these difficulties, as I am sure that Local Governments make allowances forours. For I confess I know of no more delicate task than that of weighing the claims of all the different provinces in this vast country with their varied history and their varied needs. This task in itself is heavy enough: but when we have to go 'a

step further and balance the result with the claims of our Imperial services, then I say the allocation of funds between the Central and the Local Governments requires all the good temper, and all the tolerant give and take, of which we are collectively capable.

"My remarks on provincial finance last month were directed at another aspect of the case. We are losing our opium revenue, and heavy demands for new expenditure on education, sanitation, and so forth are being daily pressed upon us. In my judgment therefore we have reached a point at which we ought to stop and consider whether India can afford all that she has hitherto been aiming at. We may, as I have already suggested, be compelled to slacken the pace of our administration, or to seek for cheaper methods, or even to give up some sections of our governmental activities. I have no wish to prejudge the decision. But I would like Local Governments to see what is impending as clearly as I do myself, and to give them a friendly warning that they will have to bring their expenditure more directly into line with their income. I look on the position in this way. The Local Governments are our partners in the administration of the country; and I want to invite them as partners to co-operate without in taking a clear view of the needs of the country, of what is requisite for its well-being, and how we are going to find the ways and means. After what he has seen and heard in this Council during the last two months, and after the insight he has gained into our general financial position, I do not think that any provincial representative can possibly go back to his Local Government and encourage them with hopes of large Imperial grants for general purposes. I trust that, on the contrary, he will explain how strongly the need for economy is felt in this Council, and how important it is for Local Governments to make common cause with the Imperial Government in securing it.

"It is with this view that I have laid emphasis on the danger of overstraining the provincial settlements, which are on the whole, I believe, adequate if worked with care and foresight. I do not pretend that the settlements are in all respects perfect. In particular I am impressed with the inconvenience of disproportionately large fixed assignments, if these exist. But I would remind the Council that this point and a number of kindred points were commended to our attention by the Royal Commission on Decentralization, and it would be premature to express any opinion on those points until they are fully examined by us in consultation with Local Governments. I intend to take up the subject; and I can assure the speakers of today and yesterday that anything which tends to give Local Governments greater elasticity in the management of their finances will receive my most friendly consideration. But any general recasting of the existing settlements with a view solely to increasing the spending power of the provinces is, in my judgment, out of the question, and I can only end this subject as I began it, by a strong appeal to Local Governments to co-operate with us, on broad-minded and steadfast lines, in the pursuit of that economy without which there can be no real efficiency.

"Since I introduced the Budget on the 25th of February we have had a number of resolutions moved and forcibly and eloquently supported in Council. The predominant feature throughout the discussions has been a demand for largely increased expenditure.

"We have also had a series of speeches which in book form might be suitably entitled—'What I shall do when I am Finance Member.'

"From that standpoint it has no doubt presented itself to the minds of the speakers that as money is not available money would have to be provided.

"Accordingly they have advanced a number of suggestions for very heavily adding to the burden of taxation.

"The Hon'ble Mr. Gokhale will not be offended if I say he has gone one better. He even advocates impairing our credit by ceasing all endeavours to reduce our debt.

"I think that must have been for Calcutta consumption.

"I want to be absolutely frank with the Hon'ble Members opposite whom I am glad indeed to claim as personal friends but whom I recognise also as fair and indulgent critics.

[*Sir Guy Fleetwood Wilson.*]

"I will tell then exactly what would happen if I yielded to their entreaties to put the heavy additional taxation which they advocate on their unfortunate fellow-countrymen. I do not know whether we should hear much about the benefit of improved sanitation or the blessings of technical colleges, but one thing I do know, and that is that from one end of India to the other, Hon'ble Members would loudly proclaim that the additional taxation could quite well have been avoided and that the people may thank an extravagant and inept Government for the burden under which they are groaning. I should not presume to find fault with my Hon'ble friends for so doing. In politics you must play the game, and that would be a perfectly legitimate game to play; but they must not mind if I respectfully decline to take a hand in it. I do not wish to add to the heavy burden of taxation in the country. I would rather turn my thoughts towards economies.

"It is possible that you may have, in this country, been striving too vigorously to attain a policy of perfection. A policy of perfection is an excellent thing if you can afford it; but as is the case in regard to most other things you must cut your coat according to your cloth, and it is no good attempting to attain perfection if you have not the necessary funds wherewith to do it. Whilst we should keep a high ideal well before us, we must, I am afraid, be satisfied to go slower in that direction, for I am sure that it is absolutely essential to introduce greater sobriety in our public expenditure if we are to avoid deficits and consequent enhanced taxation.

"There is one subject on which all my non-official critics unite. Some of them think I have under-estimated the revenue: most of them would like to see more money provided for public health and education or whatever they specially support. But all of them agree that we spend too much on other purposes. In regard to the latter I wish to say at once that I, personally, am very desirous of seeing expenditure cut down. I do not of course accept everything that has been said on the subject today or yesterday. I demur particularly to any comparisons which take us back to times before the closing of the Mints. I do not suggest that that event, like a magician's wand, altered the whole tenor of our finances; but it is a fact that, with stability of exchange—and probably in no small part as a result of it—began a period of remarkable prosperity in the affairs of this country. Commerce improved, political aspirations awoke, a higher standard of comfort came to the front, and as a necessary consequence both our revenue and expenditure were correspondingly affected. With the progress of the country and the constant demands upon Government to undertake duties which in other countries would largely be left to private enterprise or private liberality, the claims upon the public purse must of necessity grow. I do not wish on this occasion to say anything about our military expenditure, as it is only a year ago since a masterful exposition of that subject was given to the Council by Lord Kitchener. Similarly, I have nothing fresh to say about our railway expenditure, except to express the hope, in which I trust I shall be encouraged by Sir T. Wynne, that the large share of the earnings which is now being put back into the railways in the form of betterments will yield an adequate return.

"As regards the cost of the civil administration proper, I think that it requires very careful watching and that we must very seriously examine whether we are not committed to a standard of expenditure which will ultimately be beyond our means. Apart from opium, which seems to have reached a stage which knows no laws, we cannot expect our revenues to advance with the same rapidity as they did up to 1907. That alone would be a sufficient reason for steadying the pace of the increase in our charges. But over and above this, we have the fate of our opium-revenue in much uncertainty; and on the other hand, if we are going to do anything at all for education and industrial progress, we have heavy liabilities impending. However much therefore or however little we do for these new requirements, a readjustment of expenditure is in my opinion clearly indicated. How this is to be effected, is not a point on which I care to dogmatise today. We have been offered many prescriptions. We are told that the greater use of indigenous agency would tend to economy. We are told that

[*Sir Guy Fleetwood Wilson.*]

Government might hand over a good deal of its work to local bodies and non official effort. We are told that in some respects we have duplication of work and machinery which is unnecessarily elaborate for a simple country. I will say that on all these points there is a good deal on which my Hon'ble friends and myself will find ourselves in substantial agreement. But hasty economy is often false economy; and the particular directions in which we are asked to retrench require much thought. That thought will not be spared, and I am prepared to do what in me lies to press forward the consideration of this all important subject. With that assurance I would ask my Hon'ble friends to absolve me for today from a more detailed examination of the various suggestions which they have put forward.

"Turning for a minute to the question of the new taxes on Silver, I am sure I would not be justified in taking up the Council's time with further remarks, after the very full examination to which the whole question was subjected in the debate on the Taxation Bills. I merely note that the opinion is repeated by my Hon'ble friend opposite that we could have reached equilibrium without any new taxation at all. Now, I am reasonably confident of this: that we could not have worked up to an adequate working balance on our old basis of taxation without taking a very much higher figure for opium than we did. I understand my Hon'ble friend would have been willing to see this done, and I agree with him that, in view of the excitement in the opium market, it would have involved no great risk to assume a selling-price considerably in excess of our budget figure. But should we be justified in putting our financial arrangements so largely at the mercy of a feverish speculation? And if the extra revenue is forced upon us, ought we not in prudence to set it apart in some way from our ordinary resources, and not be content to live upon what may virtually be vanishing capital? There is surely only one answer to such questions.

"Only one word more on taxation. I see that, in spite of all that was said by us to the contrary, there is still a good deal of head-shaking in certain quarters as to our real object in raising the duty on silver. I am glad that the Hon'ble Sir Sassoon David and Sir Vithaldas Thackersey are present, because I have secured an excerpt from that admirably conducted journal, the *Pioneer*, which I will with Your Lordship's permission read for the benefit of the Bombay Members:—

> 'The price of silver on Wednesday 23rd was two shillings an ounce, the figure at which it stood when the import-tax was imposed. Recovery has thus taken place in less than a month.'

"Incidentally I am glad to see that the price of silver, after a slight and we may hope a temporary fall, is now higher than it stood on the day before our Budget proposals were published; and I sincerely trust that this may be taken as a good omen that the fears of our Hon'ble Colleagues from Bombay as to the effect of the duty will not be realized. But this is a parenthesis. What I started to say was that we are still being assailed by gloomy hints that the silver duty is an insidious move in our currency policy. I *wish categorically to correct that impression.* If I had meant the new duty to be currency matter, I am not at all sure that I should have fixed it at 4 annas an ounce, and I am not at all sure that we should have used the proceeds as ordinary revenue. We anticipated some such criticisms, and for that reason we intentionally avoided all refinements, such as a sliding scale, which would give colour to the idea that we were manipulating silver for currency ends. We do not seem to have wholly succeeded in averting suspicion: and I can only repeat that the tax is meant to strengthen our revenue, and for revenue purposes only.

"The Hon'ble Members for Bombay have on this and on previous occasions dealt with two subjects of superlative importance in this country, with what I may term commanding ability. The problems which have been burning questions in this country for many a long year are not perhaps problems which command

[*Sir Guy Fleetwood Wilson; the President.*]

quite equal attention at home. From sheer lack of knowledge I should not show to advantage were I to enter the lists with the Hon'ble Members on the more abstruse features of currency questions and the various bearings of the Gold Currency Reserve. But it is not for that reason alone that I reduce my remarks to the narrowest limits. The whole matter is so closely interwoven with the gold policy of England, that I thought it more useful to advance, if slowly, at any rate steadfastly, along the path which we wish to follow, to note what we have done, and to indicate what I really hope to accomplish, rather than to deliver myself of lengthy expositions of an academical character.

"One word as to the Gold Standard Reserve. I am well aware that there exists in the financial and commercial communities in this country a strong feeling that the Gold Standard Reserve should be what the term implies, a reserve in gold. I sympathise with that feeling, but we must all, I think, recognise that there is much to be said against locking up a large sum of non-interest-producing gold, and in all such matters it is useless to ignore the fact that opinion in England has to be considered. Personally it is my earnest desire, as it is my intention, to approach Indian finance from an Indian standpoint, but I should like to add that I can conceive nothing more unfortunate than any attempt to separate the common interests of England and India, or any failure to recognise how dependent India is on the markets at home. All must, I think, appreciate the improvement which Lord Morley has effected in the position of the Gold Standard Reserve during the last year.

"I think I have now touched upon most of the points which have arisen during the Budget debates, and it only remains for me to express my genuine appreciation of the patience and consideration which have been shown me throughout the session.

"I have had as Finance Member this year to deal with a new system, the outcome of the reforms, which has thrown at times an almost unbearable burden upon me.

"At my age, handicapped by climatic conditions and faced by the painful necessity of imposing fresh burdens on the people, and, I say quite honestly, overweighted by lack of knowledge and experience, I must have broken down but for the magnificent support I have received from my dear friend the Hon'ble Mr. Meston and my financial staff, Indian and English, and I must add from Sir W. Meyer, one of the ablest officials and most loyal of comrades I have ever met.

"But it is not to that help alone that I owe my continued official existence. It is most certainly also due to the sympathetic, indulgent and considerate treatment which this Council as a whole has accorded me."

His Excellency THE PRESIDENT said:—"Gentlemen, in accordance with our new system of procedure the discussion of the Budget has been so full and detailed, that I propose to confine myself to a few very general remarks on the financial position.

"In his opening speech the Hon'ble Sir Guy Fleetwood Wilson explained to us the financial story of the past years, his view of future demands upon our revenue, and the means by which he proposed to meet them. I congratulate my Hon'ble friend on the lucidity of his explanation. Since then the Financial Statement has passed through its various stages, and has today been before you as the Budget for the coming financial year.

"My Hon'ble friend invited us to look back into the past, to the time of the Hon'ble Mr. Wilson fifty years ago, to the days of small revenues and equivalent expenditure, but entailing speeches of portentous length; he told us of the complicated methods of successive Finance Members anxious to explain to inanimate Councils their administration of the vastly growing trade and ever-increasing income of India, till he brought us down to the present day, with our revenue of over 75 millions, our enlarged Councils and their greatly increased opportunities for criticism and discussion; and now that we are at the conclusion of this debate my thoughts naturally turn to the story of our finances since I assumed the Viceroyalty in November 1905. It is four

[*The President.*]

years almost to a day since I addressed the first Budget meeting of my Council, and of the advisers who then sat beside me on my Executive Council it is curious to note that none now remain to me. Some after long years of useful work have retired from the service, one distinguished amongst his compeers has gone to his last resting place, and two are ably directing the administration of great Provinces.

"In financial, as in other matters, India has passed through a time of strain and anxiety during those four years; but she has, I hope, notwithstanding many ups and downs, emerged successfully from her trials. When I took over the Government, the country was on the crest of a wave of remarkable prosperity. Notwithstanding short rains and the cruel ravages of plague, we had had in 1905-06 a surplus of over 2 millions, and at my first Budget meeting, in March 1906, we were able to announce a large number of special grants, for education, agricultural research, and police reform, as well as to remit a variety of petty cesses on the land at a cost of 82 lakhs of rupees. Yet even these large concessions failed to check the onward march of our revenues, and in the following year, 1906-07, we obtained a surplus of 1½ millions, and found ourselves in a position to put the crown on a long series of remissions of taxation by reducing the duty on salt to the nominal figure of one rupee per maund. This however brought us to the end of our cycle of good years, and in the autumn of 1907 the outlook became suddenly overcast. The rains failed over the greater part of Northern India, and we had to prepare to avert the misery of a widespread famine, whilst almost simultaneously we found ourselves called upon to face one of those financial upheavals which periodically convulse the great markets of the world. The combination of misfortunes bore heavily upon our resources. Our revenue fell off; our trade was dislocated; and a severe drain was imposed on our reserves of gold. In 1907-08 our surplus dropped to little over £¼ of a million; in the following year, the reaction was at its height and we had to declare a heavy deficit. Thus passed two years of anxiety, of constant watchfulness, and of many enforced economies, but throughout our time of trial we may justly recall with pleasure that our financial machinery worked efficiently, and the credit of India remained unimpaired.

"With the year which is now closing begins the third phase of Indian finance during my term of office. We are entering on a time of recovery. The Hon'ble Finance Member has told us that the new financial year promises to open 'under favourable auspices, with good harvests, active markets, expanding trade.' He anticipates prosperity in the private and public finances of the country, and, given a good monsoon, looks forward to a general improvement in our revenues. My Hon'ble friend is proverbially lucky in his 'gamble in rain', so I hope his prognostications may prove true. But there are obvious difficulties ahead of us. Our opium-revenue is menaced. We are committed in some respects—and Local Governments along with us—to expenditures on a scale which it may not be prudent to maintain and which it may be necessary to revise. We are face to face with new aspirations entailing a heavy outlay on social and industrial progress, the vital necessity for which no one recognises more sincerely than I do, but which cannot be directly or speedily remunerative; and though we may heartily rejoice over a progress which must entail increased expenditure in many directions, we cannot disregard the consideration of the sources from which that expenditure is to be met. It is a great problem—in it there is much food for thought. And behind it there may lurk many other problems which we cannot now foresee, and whilst sympathising, as I do, with many of the ambitions of advancing prosperity, I cannot but feel that the conditions of the present time call for caution, for the husbanding of our resources and the strengthening of our credit to enable us to meet the duties that lie before us.

"And notwithstanding the increased taxation to which we have been driven by stress of weather, the skies are beginning to clear now, and to my mind it is no paradox to say that our position is in reality stronger than it was four years ago at the flood-tide of our prosperity. I am not unaware of the criticisms which,

[*The President.*]

in the light of more recent events, have been passed upon our financial policy and upon the large remissions of taxation which we were able to give before 1908; but I do not concur in those criticisms. We have lightened the burdens of the poor; we have raised the general welfare of the people; and we have returned to the tax-payer money that would otherwise have gone towards enhancing our scale of recurring expenditure, and consequently increasing our present difficulties. It is not only the incidence of our taxation, however, that we have improved. We have taken steps to discount the probable loss of our opium-revenue. We have proved the necessity for a less ambitious programme of capital expenditure. We have tested the strength of our gold reserves, and have, I hope, disposed of certain weaknesses in our currency system. It is on all these grounds that I consider we may take stock of our financial position with some pride, and may look forward to the future with confidence.

"I will only say one word more in reference to the conduct of our finances. Three years ago—at the Budget debate—I referred to the arrangements which had been made with China for assisting her in the gigantic task of putting down the opium habit in her vast territories. I deprecated the doubts that were thrown on the good faith of the Chinese Government, and I refused to accept the assumption that the revenues of India were being sacrificed to the views of a few faddists. The three years for which we agreed to co-operate with China as a test of her sincerity have not yet expired, and it would be premature to discuss the results of the experiment. Nevertheless, I think I may justly invite the attention of the Council to the verdict of the International Commission which sat at Shanghai last year and on which India was so ably represented by the Hon'ble Mr. Brunyate. The Commission recorded its recognition of 'the unswerving sincerity of the Government of China in their efforts to eradicate the production and consumption of opium throughout the Empire * * * and the real, though unequal, progress already made in a task which is one of the greatest magnitude.' We may welcome the integrity of China's aims and though our co-operation with her has involved genuine sacrifices, both in British India and in the States of some of my friends, the Ruling Chiefs of Central India, we can distinctly claim that those sacrifices have been made in the interests of humanity alone. There is evidence that China appreciates our help. Whether she succeeds in her share of her compact with us, careful local enquiry alone can show; but if she attains the success which her efforts deserve India may well be proud of the assistance she has rendered to her great neighbour.

"I shall not attempt, gentlemen, to trace our financial position any further. The many points which have been raised by resolutions and questions have been dealt with by the Members in charge of the various Departments, but as this is the last Budget debate at which I shall be present, I venture to say a few words on the first session of the new Council which closes today. It has been a memorable session. The Council assembled at a moment of great anxiety, and was immediately called upon to support the Government of India in legislation which the conditions of the country had unfortunately rendered inevitable. That support was not only unhesitatingly forthcoming, but the reasons for it were discussed with a good sense and appreciation of circumstances which fully confirmed the views I have always advocated, that increased representation of the real interests of India would not weaken, but would greatly strengthen, the hands of the Government. And throughout our debates there has been ample evidence of a deep interest in public affairs and a desire to contribute to the better administration of the country. The Government has benefited by criticism and suggestions, and the dignity of procedure so necessary to an assembly such as this has been well recognized by its Members. I am aware that there have been exceptions to the observance of that dignity, and I am glad the Hon'ble Member Mr. Haque drew attention to them, as his doing so is evidence of the jealousy with which Hon'ble Members are prepared to safeguard a strict conformity with the rules of business; but I feel that I may very justly say that the exception to which he specially referred was due merely to a want of acquaintance with those rules and certainly to no intentional discourtesy towards this assembly.

[*The President.*]

"Our machinery is, I admit, not as yet perfect. It will require some alterations, especially in respect to a rearrangement of the work of the session. I fully recognise the inconvenience and waste of time that must have been caused to Members, both official and non-official, by being required to attend meetings of Council on dates scattered over many weeks. I foresee no great difficulty in a rearrangement of work. Bills might be introduced at an early meeting in the autumn which would not necessitate the attendance of Members except those especially interested in them; at a second meeting in the middle of December they might be referred to Select Committees; a short session might be held at the end of January, or beginning of February to pass them; and the Budget session would be in March. I am only foreshadowing possibilities, with which my successor will have to deal.

"But putting aside questions of administrative machinery and the great political considerations involved in the creation of this enlarged Council, I claim for it one happy result. It has brought people together—official and non-official Members have met each other. The official wall which of necessity to some extent had separated them has been broken down; they have talked over many things together. Non-official Members from a distance have, not only in our debates but in private conversation, had opportunities of explaining their grievances. Much healthy fresh air has entered this old Council Chamber, and, speaking on behalf of my colleagues as well as myself, it has been very welcome to us. And now, gentlemen, as this is the last time that I shall preside over a full Council, I would ask you to bear in mind that for some time to come there must be much that is experimental in our recent reforms; it rests upon you to consolidate the work which has been done, to prove yourselves worthy of the interests which you represent, to safeguard the moderation and good sense of the Council of which you are Members. It is to you that the Executive Government will look for the expressions of unofficial opinion; it is on your loyal support that they should be able to rely.

"I am grateful for the appreciative words in which Hon'ble Members have alluded to my services. I hope that the labours of my colleagues and myself will bear good fruit. I know this Council to be very capable of safeguarding the great responsibilities entrusted to it, and I shall leave this country in the firm belief that it is destined to play a distinguished part in the future history of India."

The Council adjourned *sine die*.

R. SHEEPSHANKS,
Offg. Secretary to the Government of India,
Legislative Department.

CALCUTTA;
The 15th April 1910.

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EAST INDIA (FINANCIAL STATEMENT AND BUDGET).

RETURN to an Address of the Honourable The House of Commons, dated 15 May 1912;—*for*,

"RETURN of the INDIAN FINANCIAL STATEMENT and BUDGET for 1912–13, and of the Discussions thereon in the Legislative Council of the Governor-General."

India Office,
22 May 1912.

EDWIN S. MONTAGU,
Under Secretary of State for India.

(Sir Henry Havelock-Allan.)

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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FINANCIAL STATEMENT AND BUDGET

FOR

1912-1913.

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Speech of the Honourable Finance Member

INTROUCING THE

FINANCIAL STATEMENT FOR 1912-1913.

Introductory.

I have once more to ask for the consideration of this Council while I lay before them my annual review of the finances of India. In pursuance of what is now the established custom, I shall do no more to-day than present the Financial Statement for 1912-13. The discussion upon it will open on Thursday next; and on the 22nd of March I hope to submit the Budget in its final form, while the closing debate will take place, with your Lordship's permission, on the 25th.

2. It is to-day, as it was a year ago, again my exceeding good fortune to record a period of progress and prosperity. The year which is drawing to a close has been in many ways a memorable year. It will stand out illustrious for the first visit of a King-Emperor to his Indian dominions. It will be remembered for the stately ceremonials of which Their Imperial Majesties were the central figures, and even more for the enthusiastic loyalty and reverence with which they were received by their people. It will be associated with important territorial changes which will lead, we all trust, to greater political content and will strengthen the cause of good government. In all these ways the year will take a memorable place in the history of India. But it has not been without its dramatic interest in realms far removed from political changes or Imperial pageantry. For at one time, during two anxious months, the half of India was on the verge of a drought for which we might have had to go back thirty-four years for a parallel. In the middle of August the outlook was gloomy in the extreme over the greater part of the Northern provinces; and a further suspension of rain would have brought widespread suffering and a serious dislocation of our trade and finance. This catastrophe, however, was averted. Rain came, late but abundant; the area of distress was reduced to narrow limits; and we now cherish every hope of bumper harvests, busy trade, and advancing prosperity. The change, as I have said, was dramatic: it was also a striking lesson of how narrow is the line in India between plenty and want, and how incessant is the need for caution in our forecasts and for economy in our expenditure.

Revised Estimate of 1911-12.

3. I shall first attempt to sketch the main features of this remarkable year, and to indicate their effect upon the revenue and expenditure provided in the budget which I laid before the Council this day twelve months ago. The year opened well. The winter rains had been favourable, and the spring crops yielded a plentiful harvest. To the weather-wise an unusually cold March in Northern India gave cause for nervousness; but hot-weather conditions established themselves later, and the monsoon currents reached our coasts close upon the due dates. Their progress inland, however, was weak and fitful; and their joint efforts were spent by the third week in June. Rain ceased over virtually the whole of India, excluding Burma; the dry west wind revived in the North; and one of the most trying summers in living memory was protracted well into August. Early in that month, the standing crops had withered over large areas in the United Provinces, Punjab, Rajputana, Central India and the northern half of Bombay. Where irrigation had saved the position, a plague of insects, which always seem to accompany drought, was working serious havoc. Fodder was growing scarce, prices were rising, and the situation was critical. The outlook got gradually darker until the third week in August, when relief came at last. The rain-bearing currents revived, and the pressure was eased everywhere except in Sind, Gujarat, Kathiawar, and a small tract with its centre lying between Delhi and Meerut. In September the position improved steadily; and by the end of the month the only seriously distressed areas that remained were Gujarat

and Kathiawar, in parts of which famine has since been declared and relief operations undertaken. The numbers on relief in the middle of last month were roughly 80,000. In the rest of Northern India, the people took heart with the late rains: the autumn crops were re-sown wherever possible, and an exceptionally large area was prepared for the spring harvest. In Bengal and Southern India there has been no anxiety. Lower Burma suffered in parts from floods in August; but the general prospects are satisfactory. Viewed as a whole, the year has been a good one, and the agriculturist has been helped by the high prices which prevail for some of our staples in the markets of the world. A period of much anxiety gave way, at the eleventh hour, to recovery and hopefulness: and the year ends with the best of prospects in the greater part of India outside the few afflicted tracts in Gujarat and Kathiawar.

4. From the seasons we turn naturally to the harvests which depend upon them. The wheat crop that was being cut at the time of my last budget was the finest on record, particularly in the Punjab. Rice also had been good, and the year thus began with plentiful stocks, which mitigated the loss of the cheaper food grains in the autumn, without checking the supply to foreign markets. Of the other export staples, oilseeds gave a plentiful yield. Jute was grown under favourable conditions, and the returns are appreciably better than last year. Cotton did excellently in Berar but suffered from drought in Bombay and Northern India, and the produce all round is reckoned at 18 per cent. less than in 1910. This year's rice crop is plentiful in spite of some local shortage in Lower Burma; and the prospects of the spring harvest which is now maturing are exceptionally fine. Whatever deficiency there has been in the agricultural output—and on the whole it cannot have been serious—has been more than made good by the activity of the export demand for our chief staples and the full prices which they fetched. Rice and opium have been specially remarkable in this way; the former owing to a serious failure of the Eastern crop and heavy speculations in Rangoon; the latter owing to the steady reduction of our supplies to the Far East. These, however, are only two outstanding examples of the strength of the export market. The general range of prices has been high. In many cases it has benefited the producer; and it has certainly dilated the volume of outward trade, as measured in money, and brought payment to India in heavy imports of merchandise and bullion, to swell our customs revenue and keep our railways busy.

5. The record of our over-sea commerce has thus been an impressive one. The value of our exports is up to date the highest on record. Wheat has not been so big as it was in 1909, or cotton as it was in 1910, or jute as it was in the famous year 1906; but each of them was bigger than in any other year except those which I have named, and the cumulative effect was an all-round excess. Moreover, silver was re-exported, chiefly to China, in very large quantities; and the declared value of rice, opium and seeds has been well above the figures of any previous year. Similarly with our imports. They were unusually active in April and May: they eased off in the ensuing four months, as if waiting for the fickle monsoon to disclose its intentions: and there was a striking revival from October onwards. It is piece-goods and gold that have been the notable features of the year; gold forming one-sixth of our total imports and having reached, during the December quarter alone, the imposing value of 10 crores. Combining both currents of trade, I gave the total value of our private sea-borne commerce for the first nine months of last year as 272 crores, which I said constituted a record. This year the corresponding figure for April to December 1911 is 304 crores. Even after every allowance for an inflation of prices which may be in some degree undesirable, this result means busy revenue, a strong exchange, and no small measure of general prosperity.

6. Happily, then, there has been justification for the faith in which the budget for the current year was framed: it was based, as I said a year ago, "on the hypothesis of normal harvests, a good export season, and steady progress in our trade and industries." These hopes have been more than realised. The total revenue of the year, Imperial and Provincial, I budgeted at £78 millions: we now expect to obtain nearly £81½ millions. For the total expenditure, Imperial and Provincial, I estimated nearly £79 millions: we shall require barely £78 millions; so that we have an aggregate improvement of £4¼ millions, of which about £2¼ millions belong to the Provincial account. The Imperial surplus will thus be enhanced from just over £¾ million to £2¾ millions. The greater part of this is contributed by unexpectedly high opium receipts. The balance due to general causes is small, but it is only the residue, as I shall subsequently show, after very large sums have been handed over to the provincial accounts.

Opium.

7. This leads me at the outset to the well-worn theme of our opium policy and its results. The position, when I summarized it a year ago, was one of some difficulty. We had completed the first stage of the period fixed conditionally for the extinction of the trade with China in Indian opium. That period, under the 1907 Agreement, was ten years from the beginning of 1908 ; but at the end of the first three years we were entitled to ask China if her curtailment of production had kept pace with our reduction of exports; and our future arrangements were to be dependent on the reply. When the time came, however, China was unable to give an authentic answer, and the British officers who were touring the poppy-growing provinces had not yet reported. Out of consideration for China's difficulties we had consented not to press our strict right, and to continue the reduction of our exports for another year. In the meantime certain of the Chinese authorities, particularly the Viceroy of Canton, had been imposing disabilities on our trade, which, in our opinion, were clear infractions of the Chefoo Convention ; and we were insisting on their removal if our co-operation with China was to continue. Negotiations on these and other outstanding points were in progress when the last budget was before this Council ; and it was obviously impossible to prejudice or anticipate the result by any discussion at the time.

8. On the 8th of last May the negotiations culminated in an agreement which I may safely describe as satisfactory and honourable to both sides. The agreement is public property, and I need only very briefly recall its leading features, and explain what it means to China and to ourselves respectively.

(*a*) What was conceded on our side was this. We were to restrict our China exports in 1911 to 30,600 chests, with a progressive reduction thereafter of 5,100 chests a year. But if China can completely eradicate the cultivation of the poppy before 1917, we are to shut down our exports at the same time. In the interval, as each province stops its production and import of native opium, the admission of Indian opium into that province is to cease ; the ports of Shanghai and Canton, however, being the last to be closed. Finally, we agreed to a consolidated import duty of ₹689 a chest, being a very large increase on the old duties and a welcome addition to the Chinese revenues.

(*b*) The concessions which China made on her side were these. An excise tax equivalent to the import duty was to be imposed on native opium. All other taxation and all restrictions (such as those at Canton) on the wholesale trade in our opium were to be withdrawn. Facilities were to be given to our officers to investigate the facts of cultivation, taxation and trade restrictions in the interior.

(*c*) In a supplement to the agreement it was settled that, though the other Treaty Ports would be closed to it at once, Indian opium not specially certified for China might be admitted into Shanghai and Canton for two months after the date of the agreement. All opium thus admitted, however, as well as all opium bonded in the Treaty Ports and in stock at Hong Kong for China on the date of the agreement, would be listed, except so far as it was covered by special certificates from us ; and the number of chests thus listed would be taken in reduction of our regular exports during the three years 1912 to 1914. The list, which was not completed till later, showed that the necessary reduction will be 3,820 chests in each of the three years.

Such are the main features of the agreement which was concluded at Peking on the 8th of last May. The attitude of the Government of India throughout has been absolutely straightforward. We are in full sympathy with the reformation of China ; and we are prepared to make, and have made, large sacrifices to help her. But we cannot consent that, under the guise of a reform which may be no reform, revenue should be transferred from India to China without any other benefit to the latter. We unhesitatingly recognised the sincerity of the Chinese Government, but we demanded certain ordinary precautions to insure that our sacrifices shall not be frustrated by reactionary tendencies in the provinces, and we insisted that our trade, so long as it lasts, shall receive equal privileges with the trade in the indigenous drug. This is the spirit in which we pressed the claims of India : and in this spirit the negotiations were carried to a successful conclusion by Sir John Jordan, the British Minister in

China. To that distinguished official India is deeply indebted for his care of her interests and for the skill with which he secured a settlement that is sympathetic and just to China and to India alike.

9. Since our agreement was signed last May, startling events have happened in China. Revolution and civil war have rent the country, and its ancient monarchy has now been replaced by a republic. Amid the inevitable confusion, the cause of opium reform has suffered in some measure, though we may hope that the set-back has only been temporary. Cultivation of the poppy has revived in parts of the far interior, where it had been officially extinguished. And some spasmodic attempts have been made, at Canton and elsewhere, to infringe the Peking agreement. But nothing has occurred which cannot be explained by the suspension of the central Government: and on the whole our compact has stood a severe test remarkably well. We of course have carried out our part of it with scrupulous care; and we have done more, for we have gone outside our bargain to help China, as I shall shortly explain.

The operation of the agreement is automatic, except as regards the special measures for closing down our trade in less than seven years. These hinge upon the provisions of Article III, which will exclude Indian opium from any single province of China and the Treaty Ports therein (Canton and Shanghai always reserved) as soon as there is clear evidence that the province has ceased both to grow the poppy itself and to import native opium from other provinces where it is still produced. It is this provision which I apprehend will be the key to future developments. For the present, it has resulted in closing the whole of Manchuria and the provinces of Shansi and Sze-chuan. The two latter had been thoroughly inspected by Sir Alexander Hosie, the British Consul-General at Tientsin; and similar local enquiries are being extended, under that officer's direction, to all the other provinces. The work has involved protracted journeys through the hinterland of China amid conditions of no small physical hardship; and I am glad of this opportunity of acknowledging the great value of the services which Sir Alexander Hosie has thus rendered us.

10. I referred a moment ago to the proofs which we have given China of our goodwill towards her by co-operating in matters which are outside the strict letter of our treaty obligations. The first of these, mentioned in my last Financial Statement, was our decision to "earmark" or certify opium for China from January 1911. The second was our postponement till the second half of 1911 of our usual monthly sales of opium for other markets than China. By these measures it was our purpose to help China through a critical time. In the early part of 1911 her position was that she could not exclude foreign opium without an international agreement. Meanwhile, prices were bounding up, and it was generally surmised that the closing of her ports was only a matter of time. The inducements were great to pour opium from all quarters into the country before the agreement could be negotiated, and thus to render nugatory her efforts to effect a direct and progressive reduction of her imports. Our action prevented this. Later, we took a third and even more important step, by curtailing the quantity of our opium sold for markets other than China. That step was pressed upon me, in a resolution which he moved in this Council last March, by my Hon'ble friend, Sir Sassoon David. I was unable to accept his proposal at the time for two reasons: first, because the whole question was under diplomatic discussion at Peking; and second, because we had carefully calculated the requirements of our non-China customers and found them to be well in excess of the 10,000 chests which my Hon'ble friend suggested. After the Peking agreement was concluded, however, we decided to cut down the 16,000 chests, which we had budgeted to sell, to 14,000; and thereby to reduce the possible margin for smuggling opium without our certificates into China. For 1912 we have brought the figure still lower to 13,200 chests. We doubt if this is sufficient for the legitimate local needs of Singapore and elsewhere. We know that it means an avoidable loss of revenue to us. But against the inconvenience and the sacrifice we have set our anxiety to prevent the illicit diversion of uncertified opium from less profitable markets into China. These then are our relations with our neighbour in this great and humane reform. She must in the last resort work out her own salvation; but India will assist her by every means in our power and will advance with her, step by step, until the goal is reached.

11. Towards the close of the year a conference was held at The Hague by the Powers which were represented at the Shanghai international commission on opium. The ostensible object was to conventionalize the findings of that commission. To us that particular object was comparatively unimportant, for

we have already undertaken all, and more than all, that China asked from us; while our domestic control of the use of opium in India is not a matter in which we require international assistance. We welcomed the conference, however, from another point of view. It enabled us to lay before the Powers a narrative of the unselfish policy which India has followed. It gave us an opportunity of reviewing and improving our arrangements against the misuse of opium in this country. But above all it justified us in asking for the co-operation of the Powers in checking what I am convinced may become a much greater curse than opium has ever been, or is ever likely to be, to India. I refer to the consumption of cocaine and morphia and their respective congeners. The evil done by these drugs is already great; their spread is rapid and insidious; and nothing short of the most drastic State control over their manufacture and sale will stop the growth of a particularly degrading vice. I am happy to say that the conference accepted this view and that, with the assistance of Sir William Meyer, who most ably represented the interests of India, a convention has been drafted which, if the Powers accept it, will go far to strengthen our hands against this new danger.

12. One word more before I close this account of our opium policy. The poppy-growing States of Central India and Malwa are sufferers as well as ourselves from the loss of the China market; and hitherto they have been unable to share with us the temporary compensation of the high prices fetched at the sales of Bengal opium. The whole of the permissible Malwa exports up to the end of 1911 had already been bespoken by advance payment of duty. Some of the Durbars endeavoured to secure a portion of the enormous profits of the trade by imposing extra transit dues: but their efforts were ineffective and lacked combination. It was clearly necessary for us to intervene, and we did so from the beginning of 1912. The old pass-duty of R600 is now doubled; and the privilege of obtaining our certificates for China is exposed to auction. We propose to credit one-half of the extra pass-duty and one-half of the auction fees to the Imperial exchequer, and to hand over the other half to the States on certain easy conditions and under a formula of distribution which they themselves have agreed upon. We intend also to give the Durbars an opportunity of securing a footing in the non-China markets, which they have made no effort to exploit in the past. For this purpose, 1,000 out of our 13,200 chests will be taken as an experiment from Malwa if arrangements can be made for marketing it and if reasonable prices are offered. In these ways we hope to mitigate to the producing States the blow that must fall upon them sooner or later. We believe that they in turn recognize the generosity of our intentions.

13. There are three special reasons why I have dwelt at what may seem to be inordinate length on this dull subject. First, the future of our opium revenue has been made clearer by the agreement of last May, and a lengthy pronouncement of policy may not again be necessary. Second, I wished the Council to see that our attitude has not been vicarious righteousness on the one hand, or selfish obstruction on the other: we have made real and lasting sacrifices and manifested a practical faith in China's capacity for regeneration. Lastly, I desired to show that we have not ignored the legitimate claims of our merchants or the interests of the Malwa States. With these explanations I turn now to the financial outcome of our policy. In 1911 we sold 15,440 Bengal chests and exported 15,576½ Malwa chests with certificates for China. We also sold 14,000 Bengal chests for other markets. Speculation was active throughout the year and reached its zenith in October, when the China drug rose to the phenomenal price of R6,000 a chest. Then came the revolution and prices dropped, but they are still over R4,000, while the curtailment of the Singapore sales has kept that section of the market strong. In 1912 we propose to sell 6,700 Bengal and export 14,560 Malwa chests for China, as well as 13,200 chests (of which 1,000 at the outside will come from Malwa) for other markets. The first two months of our new Bombay system of auctions have been satisfactory; the average yield (including pass-duty) having been close on R3,000, of which we take R1,800 and the Durbars the remainder. In the current financial year, the net result is that Bengal opium is now expected to realise £1,241,000 and Malwa opium £334,000 more than I budgeted for.

14. The true measure of this remarkable windfall is obtained by comparing our actual receipts with what we should have obtained under the sliding scale which, as I explained last year, we treat as the gauge of normal conditions. The sliding scale figure for the year is 615 lakhs; our anticipated receipts are 878½ lakhs. The excess is £1,757,000, which we propose to use on precisely similar lines to the windfall which it was my good fortune to announce a year ago. Two-thirds of the amount will be

remitted to London for the redemption of temporary sterling debt. The remaining third, or in round figures £566,000 (85 lakhs), will be distributed in grants for non-recurring expenditure of a beneficial character. Our precise disposition is briefly as follows:—

£333,000 among the provinces for sanitation;
£133,000 among the provinces for agricultural improvements and similar purposes:
£40,000 to the Central Research Institute for work in public hygiene:
£33,000 towards the establishment of a School of Tropical Medicine in Calcutta; and
£27,000 for Government laboratories in Burma and at Parel (Bombay).

Last year the bulk of our opium windfall was earmarked for education: this year it goes to the sister grace of cleanliness. The details will be found in the explanatory memorandum attached to this statement; and I have no doubt that my Hon'ble colleague, Sir Harcourt Butler, will explain next week the objects which these grants are intended to further.

Ordinary Revenue.

15. I am able at last to turn from the story of opium and its troubles to the ordinary business of the closing year. As I mentioned, we expect the total revenue, including that of the provinces as well as our own, to be nearly 3½ millions better than my original estimate. Of this improvement £3,400,000—or practically the whole—is Imperial in its origin. The fact is disguised, as I shall shortly explain, by large transfers of revenue from the Imperial to the Provincial exchequers; but, to get a clear view of the position, we must for the moment neglect these transfers. Of the true Imperial betterment then, close on £1,600,000 is accounted for by the high prices of opium, and £1,800,000 by the general increase in the prosperity and trade of the country.

16. The main contribution to this great advance comes again from our State railways. Every one of our main lines has shared in the improvement. Wheat, cotton, jute, coal and oil seeds swelled the returns; the passenger traffic has grown exceedingly; and the extra business brought by the Royal visit has outrun our expectations. The total earnings for the year are now expected to be £1,587,000 above our budget, and the highest on record. This growth of receipts has meant of course extra expenditure in working the traffic, and extra payments in profits to the companies which lease our lines; so that the increase in net revenue is £1,185,000. Closely associated with our railway figures, as they must always be, are our Customs returns, which promise an increase of £330,000 over our budget estimate. For this we have to thank petroleum, piece-goods and rice; petroleum imports having been stimulated by a rate war among the great oil syndicates; piece-goods being always an active market in prosperous years; and the export of rice being in abnormal demand to meet a shortage in the Far East. To enumerate all the other heads of revenue which have contributed to our surplus would take more time than I can spare. The chief of them are Interest, with an excess of £237,000 earned almost entirely on the high balances in our Home treasury; Mint where, owing mainly to the demand for British dollars in consequence of the troubles in China, our receipts have risen by £143,000; and Exchange, which was strong throughout the year and has brought us an additional £106,000. I am glad to see that the consumption of Salt, and with it our revenue, have begun to move again after a long period of stagnation. There was some holding-up of stocks before the Durbar in the hope of a reduction in the duty: but a brisk business is now being done and, in spite of the growing popularity of credit sales in Bengal, the revenue is expected to be £65,000 higher than our estimate.

17. The one and only budget head that has disappointed us is Land Revenue, where our figures faithfully reflect the distress in parts of Bombay, and the failure of the early autumn crops in certain areas of the Punjab and the United Provinces. The sale of proprietary rights in the canal colonies of the Punjab has also advanced more slowly than seemed probable a year ago. The deficiency from the budget, for the head as a whole, is £960,000, of which approximately a half would be the Imperial loss.

The marked improvement in our resources, however, has enabled the Government of India, with the concurrence of the Secretary of State, to make a number of important grants to the provinces; and this pleasing operation takes the technical form of increasing the provincial shares, and *pro tanto* diminishing the Imperial share, of the

land revenue receipts. It will thus be found that, in place of a drop of about half a million, our figured tables show an apparent deterioration of nearly £2,600,000 from the budget estimate of our Imperial income from this source; while the provinces instead of being about half a million to the bad, are shown as being £1,639,000 to the good.

18. The grants which we have thus made out of our abounding good fortune cover a large field. I have already mentioned the £566,000 allotted from the excess opium receipts. Of those which are taken from our general resources I need enumerate only the more important, referring my Hon'ble friends to the explanatory memorandum for greater detail:

£782,000 in connection with the re-constitution of Bengal and Assam;
£212,000 for the cost of the Royal bonus of half a month's pay to provincial officers in civil employ;
£72,000 for the remission of famine debts in Kathiawar, as announced at the Delhi Durbar;
£167,000 to the Madras Corporation in aid of its waterworks and drainage scheme;
£133,000 to Burma for the improvement of communications;
£58,000 for special provincial expenditure in Assam and Burma on the expeditions upon the North-East frontier.

The first of these grants represents the cost of providing suitable opening balances for the three new provinces of Bengal, Assam and Behar and Orissa. The other grants explain themselves. They are all non-recurring.

Ordinary Expenditure.

19. The expenditure of the year is less by £843,000 than we provided for in the budget. £225,000 of this occurs in the Provincial account, mainly as a consequence of the inability of the local Governments to spend in full their grants for education and sanitation. The Imperial savings come to £618,000, which may be taken as appearing almost wholly under two heads,—the Royal visit and the Opium Department in Bengal. Apart from these, there has been an increase of about £100,000 in Military expenditure which will be explained later. On the other hand, the £120,000 which was allotted under a new head for Protective Irrigation has not been utilised,—a disappointing result in view of the importance of these works. In other respects our estimate of expenditure was a very close one, and there are no material departures from it. The non-recurring expenditure on the Royal boons, in so far as it falls into this year's expenditure accounts, was met without difficulty by savings in other directions.

20. The opium charges require a few words of special notice. China's zeal for reform and our pledges of assistance mean a large and, we must assume, a progressive reduction in our output of Bengal opium. To keep abreast of this, we have closed down the Patna factory and abolished the appointment of Opium Agent for Behar. We have focussed the administration in one Agent, and the manufacture in one factory, at Ghazipur. We have also concentrated the area of licensed cultivation, giving up Behar entirely, as well as a number of the outlying districts in the United Provinces. How drastic the reduction has been, may be judged from the fact that in 1906-07, the last year before we began to curtail our exports, the area under poppy was 900,000 bighas; in the current season it is only 325,000 bighas. Recruiting for the department has of course been stopped for several years: but the sharp restriction of area in the present year, with the closing of one factory and a number of sub-agencies, has necessitated some retrenchment in establishments. I should like to explain how this is being carried out. I should like also to express the sympathy of the Government of India with a body of deserving officials for whom the outlook for some time past must have been full of uncertainty and gloom. What we are doing is first, to get rid of the least efficient of the opium employés on such pensions or gratuities as the rules permit; second, to transfer to other departments all who are fit for a new class of employment; and third, to encourage the retirement of the senior men by offering full pensions to all those who are within five years of completing their qualifying service. On these lines we are dealing with every rank, from the highest paid departmental officer down to the humble peon, and we hope to prevent any genuine hardship. The notices of

discharge which were served on a number of the gazetted officers have been withdrawn; several of the younger men have been provided by the United Provinces Government with posts in the provincial civil service; the claims of others are still being pressed in different offices; and any who are ultimately redundant will be retained as supernumeraries until we can absorb them or find other employment. When the department has been lightened in this way, and by the acceptance of the special pensions which we are offering, we trust—though of course we cannot promise—that it will be put on a footing which will make further retrenchments unnecessary. The area of cultivation is now as low as it need be for several years; and any future reductions will probably be no more than parallel with the normal decrement of an establishment for which there is no recruitment.

To come back to the present, however, the Council will perceive a saving of £445,000 in opium charges. This is due in part to the economies in administration which I have just mentioned, but in the main to the abnormally thin yield of the last poppy harvest. The consistence was poor, and our payments were correspondingly low.

Expenditure on the Royal Visit.

21. I now, My Lord, wish to describe briefly, and of necessity in somewhat general terms, the expenditure incurred on the Imperial Durbar at Delhi and on the other incidents connected with the visit of the King-Emperor and Queen-Empress to India. Our accounts have not yet been closed or compiled, and considerable alterations in detail may still have to be made. But, looking back to the cordiality and even the enthusiasm with which this Council applauded the provision entered for the Royal visit in my last budget, I consider myself bound in courtesy to take this, the first available, opportunity of laying before them the manner in which that provision has been used. It will be remembered that the total allotment for the Royal visit was £1 million sterling. It was necessarily a very rough forecast, as we had no estimates to go upon at that early date: but our feeling was that it would enable Their Imperial Majesties to be received and entertained in a manner suitable to the wishes of their Indian subjects. One-third of this million was to be military expenditure; and the remainder appeared in the civil estimates, with a small deduction for recoveries from the sale of tents and other equipment. The total net provision for Imperial Civil charges, including a small advance grant in 1910-11, was £633,000. The actual net expenditure against this grant, so far as we can at present estimate, may be tabulated as follows:—

	£
(*a*) On the Durbar at Delhi:—	
Administrative charges	52,100
General services, roads, lighting, water supply, sanitation, etc.	190,100
State ceremonies	58,300
Sports, garden party, fireworks, music, etc.	20,000
King-Emperor's camp	56,000
Camps of the Government of India, Foreign Department, Commander-in-Chief, Political and other Imperial officers	115,600
Visitors', Press and Police camps, etc.	60,300
Miscellaneous	12,200
Less recoveries	—143,800
Total	£420,800
(*b*) On the Royal tour	48,300
(*c*) On medals and other incidental charges	13,300
	£482,400

We have still to meet the cost of an addition to the regalia. Allowing for this and leaving a small margin for charges which have not yet come in, we may take the net expenditure at £560,000.

The allotment provided in the Military budget was £333,000, which was intended to cover a very large concentration of troops at Delhi. When the failure of the early rains in Northern India indicated difficulties about food supplies and forage, the Military programme was reviewed and the number of troops under orders for Delhi was materially reduced. The actual estimated expenditure has been only £207,000. It will, I am sure, be no small gratification to this Council that the reception of Their Imperial Majesties was carried out on a scale worthy of the occasion, and yet with a regard for economy which has left us so well within the funds allotted for the purpose.

22. The expenditure from Provincial revenues on the Royal visit had not been the subject of any reasoned estimate when the budgets of the various local Governments were framed in the opening months of 1911. It was worked out, however, during the hot weather in the closest consultation with the Government of India, and we have now got provisional accounts. It is estimated that the eight major provinces spent £173,000 on their camps at Delhi, and about £72,000 on local celebrations, illuminations, etc.

23. Such then, so far as we can judge from our unfinished accounts, were the charges for the reception and entertainment of Their Imperial Majesties. But the Council will probably expect me to narrate also the cost of the Royal bonus and the various minor boons which were announced by Your Excellency on behalf of the King-Emperor at Delhi. For these of course there could, in the nature of things, be no budget provision; and some of them entail expenditure or loss of revenue which will not be brought into our accounts for some time to come. The only boon of any importance for which I have a reasonably complete estimate is the bonus of half a month's pay to certain civil employés and to the Army in India. The whole of this will be met from Imperial revenues; and we believe that it will cost about £325,000 in the Civil accounts and about £166,000 in the Military accounts, or a little under £500,000 in all. The remission of debts in certain Native States means a loss of nearly £85,000; and the monetary effects of the other boons (apart always from the grant for Education) is inconsiderable. I believe, therefore, that I should be safe in putting the total figure at £600,000 at the outside.

Budget Estimate for 1912-1913.

24. I now leave the eventful year which closes with this month, and open my budget for 1912-13. There is no one who realises more keenly than I do the dangers of prophesy in India; but the budget forecast must inevitably involve some element of prophesy. All that I can say is that our prospects to-day are excellent, and that we have every hope that the brightness of the outlook will continue. I propose then, avoiding unreasoning optimism on the one hand, and holding fast to my faith in the progress of India on the other, to estimate again for a year of normal seasons and trade. There still hang over us the uncertainties of the opium revenue, and there are, as there always will be, special claims of an urgent nature upon our exchequer. But with care and economy we shall be able, during the coming year at least, to discount the former and to satisfy the latter without any addition to the burden of our taxation. On the other hand, our position is not one which justifies any important remission of taxes. I present to-day, therefore, what I may call a "No Change" budget. My estimate is that the revenue and expenditure, Imperial and Provincial, will balance almost exactly at £79¼ millions. In the purely Imperial section of the accounts, however, there will be a surplus of approximately £1½ millions, which it is proposed, for reasons that I will touch upon later, to retain unimpaired.

Revenue.

25. If we set aside Opium, the total revenue, Imperial and Provincial, for which I budget is almost the same as in the current year. We expect an improvement in the Land Revenue collections and in those other classes of receipts which respond most directly to favourable agricultural conditions. On the other hand, I have taken a somewhat conservative estimate of Railway and Customs revenue, while we cannot count upon a continuance of this year's high receipts from Mint and Interest. The net result, as I have said, is practical equilibrium. But in the Imperial section of the accounts, with which we are at present more immediately concerned, the position is one of considerable strength, seeing that we have not to repeat the large non-recurring

grants to the provinces which diminish our share of the land revenue receipts in the current year. Apart from opium, which as usual throws the comparison out of gear, the Imperial revenue which we hope to obtain next year will be £920,000 in excess of our estimated receipts in 1911-12. I shall dispose of opium first, and then discuss this figure in some detail.

26. The consequences of the new agreement with China are written large across our estimate of opium revenue. The number of chests which we may sell with China certificates in 1913 is limited to 16,580, of which we are under a promise to offer 14,860 to Malwa. Our China sales for each calendar year will now, in all probability, be held from January to October in Calcutta; and in Bombay from the preceding November to August. Our uncertified exports will amount to 13,200 chests, of which we shall give Malwa a chance of taking 1,000 chests; and the sales will be spread over all the months in the year. I shall spare the Council the reasons for these divergencies in procedure, which are intended to secure the maximum of revenue with the minimum of inconvenience to the trade. I shall also spare my Honourable friends the puzzling calculations which are needed to fit these arrangements into the mould of the financial year; and will merely say that it is proposed to sell altogether 19,821 chests for China in 1912-13, which, with the 13,200 chests for other markets, gives roughly 33,000 chests in all. As compared with the much larger quantity on which we have been paid in the current year, this in itself suggests a considerable fall in revenue. But I have not ventured to budget for the same high prices as we are now receiving. With the restoration of settled government in China, we may look for the revival of more rigorous measures against the opium habit, and these are likely in turn to affect the tone of the market for our exports. In any case prudence forbids us to attempt to follow the vagaries of a highly speculative market. Between a falling output therefore and a cautious forecast of prices, my total estimate of opium revenue for next year is £2,235,000 below what we expect to obtain in the current year. The actual figure is 543 lakhs, which happens to be almost identical with the figure (540 lakhs) for 1912-13 on our theoretical sliding scale. If prices should outrun our calculations, I have little doubt that we shall find useful employment for the money.

27. The improvement in our Imperial receipts from general sources is of a negative character, being entirely due to the smaller volume of special grants to local Governments. In other respects we do not look forward to the same high revenue returns as in the current year. Under Railways in particular I have thought it wise to assume some slight relaxation after the rich harvest of the Durbar year. It is not only that we shall have no Royal visit; but so much depends on trade conditions which it is impossible to forecast, and I think a moderate margin of safety should offend no prudent publicist. I have accordingly taken the net earnings of our State railways at £605,000 less than in the present year. Similarly with Customs. If the almost feverish activity of the trade in rice, silver and petroleum were to continue, our Customs receipts would probably touch the imposing figure of 10 crores. But all booms have their day, and we have made a deliberately moderate estimate for these commodities; the net result is a reduction of £146,000 from this year's receipts. Three other heads of Imperial revenue yield somewhat fortuitous contributions to the decline. Interest is worse by £192,000, because the balances in our Home treasury are being materially reduced; Mint by £135,000, because we do not expect the same demand for dollars from China; and Exchange by £106,000 for the technical reason that we always budget for our exchange transactions at par.

In the classes of revenue which are more closely associated with the internal prosperity of the country, we anticipate no set-back. Now that the Salt revenue is moving, we expect that it will rise by another £31,000. From Stamps an improvement of £71,000 is probable; and a still larger increase would have been taken for Excise if it had not been obscured by the complete provincialization of that source of revenue in Bengal. The chief advance, however, is under Land Revenue, where the return of normal conditions in the areas that suffered from the irregularities of the last monsoon will, we trust, be the main contributor to an increase of which the Imperial share should be something in excess of £400,000.

28. This brings me to the dominant factor in the whole comparison—the provincial grants which appear as land revenue assignments, and the reduction in which will push up our apparent Imperial receipts. The details are complicated and can better be set out in the explanatory memorandum. But their net effect is that we are saved the

non-recurring grants of roughly £2 millions which signalize the current year, and that we propose, as I shall explain later, new recurring grants of about £⅓ million in the coming year. There is thus an addition of £1⅔ millions to the Imperial share of the land revenue, over and above the £400,000 which comes to us from improved collections.

Expenditure.

29. The position in regard to expenditure is fortunately simple, and not unsatisfactory. Imperial and Provincial charges together, the total provision for next year is nearly £1¼ millions higher than the estimated expenditure of 1911-12. The whole of this excess, however, occurs in the provinces; and by far the major part of it represents drafts on the large Imperial subsidies for education, sanitation and other beneficial services which are being placed at the credit of local Governments. When we turn to the estimate of Imperial expenditure, we find that there is an actual decrease, the total being £76,000 less than in the current year. The chief factors in this result are the following. Our Interest liabilities show a growth of £277,000, moving, as they must always do, with the growth of our borrowings, and also in a minor degree with the expansion of our provident funds, savings bank deposits and the like. Our Railway revenue charges, apart from interest on the regular railway debt, are also higher by £97,000. But the only other large excess over the grants in the current year appears under Education and represents a special reserve of £530,000 for the advancement of this great service. Otherwise the spending departments have shown much restraint, and there is little or no general rise in administrative charges. On the other hand, there is a noteworthy drop of £511,000 in military expenditure to which I shall refer later; and as if to make room for the new education expenditure, we have a reduction of £486,000 under the head where the outlay on the Royal visit is recorded in the current year.

30. With the substantial improvement in our general revenue and the curtailment in expenditure, it was obvious that we were in sight of a large surplus. It was decided therefore to take an important step forward in the path of educational reform. The King-Emperor had announced at Delhi a permanent grant of 50 lakhs (£333,000) for the furtherance of truly popular education. We decided to add another recurring £67,000 to the Royal boon, and to supplement it by a further but non-recurring grant of £433,000. The total new provision for the year has thus been raised to the handsome figure of 125 lakhs, or more than the whole amount which we spent this year in connection with the Royal visit and the Delhi Durbar. I will leave it to my Hon'ble friend in charge of the Education department to describe how the money is to be employed, and I confine myself to explaining where it is to be found in the estimates. £300,000 of the recurring grant has been transferred, through the usual method of Land Revenue assignments, to the provinces which have regular financial settlements, and £3,000 to the North-West Frontier Province. The remaining £97,000 recurring and the whole of the £433,000 non-recurring have been entered, for the present, as an Imperial reserve under the Education head, for distribution at more leisure.

31. There are two other small matters which we have taken the opportunity of disposing of. One is the provision of a small reserve (£15,300) for strengthening the sanitary services in India, in accordance with a scheme which is now before the Secretary of State. The other is the abolition of the last of the petty cesses upon the land against which my predecessor waged incessant war. The cess in question is the village service cess in proprietary estates in Madras; and as I have explained more than once, the reasons why we have not hitherto taken up the question are first, because we had no money, and second, because we could not remit the cess before it was imposed. The levy of the cess is now being extended as the old service tenures are being resumed; and it is estimated that its relinquishment will cost Imperial revenues £17,000 next year, rising gradually until the proprietary estates are wholly relieved. The rent of the tenures will be credited as Land Revenue, of which the province will receive a moiety. The province will pay the salaries of the village servants; and the net loss to provincial revenues will be made good by Imperial assignments.

Delhi Expenditure.

32. No narrative of next year's programme of expenditure would be complete without a reference to the momentous project which lies before us in the construction of the

new Imperial Capital of India at Delhi. I may say at once that we are not yet in the possession of any estimates of its cost. Plans for the temporary housing of the Government of India headquarters are under preparation; but no plans for the permanent Imperial City are to be thought of until the best available experts have studied and advised upon the project in all its bearings. Meanwhile, my immediate duty has been to devise a scheme for financing the work, a scheme which will be as little onerous as possible to the taxpayers of India. Three possible alternatives have presented themselves throughout. The first, and in some ways the most attractive, would be a special Delhi loan. The second would be to charge the whole expenditure, as it occurs, against current revenue. The third would be to put the Delhi works on precisely the same footing as our large railway and irrigation works, treating them as capital expenditure and financing them partly from loans and partly from whatever spare revenues remain in each year after meeting our ordinary administrative needs. I shall not weary the Council by the various considerations which decided us, with the full approval of the Secretary of State, to adopt the third of these courses. It will, I believe, commend itself to the financial and commercial community of India. By treating the Delhi operations as ordinary Capital works, we ensure the greatest possible elasticity in the provision of funds; we avoid unnecessary additions to our unproductive debt; and I hope we allay the fear—so far as I am concerned, a baseless fear—that the new city will be built from the produce of fresh taxation.

33. Our programme then is this. So long as large sums of money are wanted for Delhi, we shall raise as much as we can along with our ordinary rupee loans, being guided in the amount of our borrowing by the state of the money market rather than by the precise estimate of expenditure for the year. If money is easy and we can obtain more than we immediately require, it will lie in our cash balances available for future use. Meanwhile, as we shall now have three sections in our annual Capital programme instead of two, we may reasonably enlarge the conventional figure of one crore which we have hitherto endeavoured to secure as our revenue surplus. There is no need to fix any standard surplus; much will depend on the circumstances of the year and on the other interests concerned; but whenever we find ourselves able to budget for a larger surplus than £667,000 without detriment to the other claims upon us, we shall do so until the financing of the new Delhi is completed. It is on these lines that we are budgeting for 1912-13. We propose to raise a rupee loan of 3 crores, the whole of which, so far as we can at present judge, will be available for Delhi: and we leave our surplus at the unusually high figure of £1½ millions, out of which at least one crore can be used for Delhi. Our estimate of what we shall need for actual expenditure within the year is two crores, shown under a new Capital head which will be observed in the tabular statements. Whatever part of our total provision is not required, will remain in our general balances for future use. The current administrative charges of the Imperial area, as opposed to the initial outlay, will of course be taken in the ordinary revenue account, and we have entered a lump provision of £33,000 in the 1912-13 budget for that purpose.

Military Services.

34. Under Military Services the expenditure for five years is shown in the following table:—

	Gross.					Net
	Army.	Marine.	Military Works.	Special Defences.	Total.	All Military heads.
	£	£	£	£	£	£
1908-1909	19,177,266	476,957	967,362	29,044	20,650,629	19,602,988
1909-1910	18,901,181	461,157	858,342	28,604	20,249,284	19,112,323
1910-1911	19,131,780	445,867	899,705	7,987	20,485,339	19,264,312
1911-1912 (Budget)	19,444,600	447,300	924,400	6,900	20,823,200	19,575,200
1911-1912 (Revised)	19,572,400	455,200	889,200	7,000	20,923,800	19,590,700
1912-1913 (Budget)	19,084,700	447,100	860,500	20,200	20,412,500	19,094,500

35. In our Army estimates for the current year we provided £⅓ million for Coronation expenditure. This grant was designed to cover the military cost of the

Delhi Durbar and of the general manœuvres by which the assembly at Delhi was to be preceded, as well as other military charges connected with Their Imperial Majesties' visit to India, such as expenditure on escorts at Bombay and Calcutta, and also to provide for the despatch of a contingent to England to represent the Army in India at Their Imperial Majesties' Coronation at home. But the unfavourable outlook in the early monsoon period made it necessary to recast the original programme. It was decided to abandon the intended manœuvres altogether, to reduce the number of troops to be concentrated at Delhi, and, in the interests of the civil population, to rail all troops except those in the immediate neighbourhood. Notwithstanding this modification of the original programme, the numbers brought to Delhi eventually reached the high total of 57,000 soldiers, 18,000 followers and over 20,000 animals. The total expenditure on the reduced scale was finally estimated at £206,700, and it appears that this estimate will be very closely adhered to. The military accounts of the Durbar and other services connected with the Royal visit and Coronation are rapidly approaching completion; and the latest forecast of the accounts authorities indicates a probable outlay of £161,700 (less receipts amounting to £3,500) in connection with the concentration at Delhi, while the total of other expenditure connected with the Royal visit is put at £27,300 and the cost of the Home Coronation contingent at £18,300. These figures do not include the bonus of half a month's pay which was issued to the military services in common with the civil departments, and for which no provision could of course be made in the original budget. This concession cost the Army £165,700.

36. The excess outlay thus entailed and the cost of the Abor expedition together with the friendly mission to the Mishmi country (£124,300) may be regarded as met from the lapses which occurred in the schedule provision, owing to delay in the prosecution of various schemes, of which the most important were those of artillery re-armament and line-rebuilding. As regards the ordinary charges, the budget provision was fully utilized and some additional grants were made in view of the improved receipts, with the result that the year is expected to close with a small net excess of £15,500.

37. It should be noticed that in both the present and the coming year there is a heavy bill for special services. Apart from the Delhi Durbar and the Abor expedition already mentioned, the arms traffic operations were continued at a cost of £118,900, the total expenditure from the outset up to the end of the current year being thus raised to £340,300; and the Indian Government had also to meet a share (£17,000) of the cost of sending a regiment to strengthen the consular guards in Southern Persia. In the coming year it is estimated that the winding up of the Abor operations will involve an outlay of £35,700. The provision of £133,300 for the continuance of the arms traffic operations is repeated, and £11,200 is provided towards the additional cost of the consular guards. On the other hand, a windfall of £76,700 is anticipated from the absence of certain troops in China.

38. Apart from these special services, the budget of 1912-13 has been mainly influenced by the enquiry into the possibilities of retrenchment which was promised a year ago. The schedule grant has been reduced by £75,200, as compared with the figure adopted in the current year, and its application will be limited almost exclusively to the provision of primary requirements of the Army such as guns, rifles, bayonets and swords, and to the prosecution of the scheme for providing Indian troops with sound and well constructed lines, and the continuance of other military works now in progress. In pursuance of the same policy, expenditure has been temporarily curtailed in various directions, and a number of permanent economies effected, while other important suggestions are still under consideration. This investigation will not be concluded until the Government of India and the Secretary of State have received and dealt with the reports of Field Marshal Sir William Nicholson's Committee, which will enquire into army expenditure during the coming summer, and Admiral Sir Edmond Slade's Committee, which has just completed its examination of marine expenditure. Meanwhile the effect has been to curtail expenditure, whether temporarily or permanently, by a sum of £191,200, of which the budget for the coming year takes account. We are also relieved by the disappearance of the provision for Coronation Durbar expenditure; and though in some directions, and especially in regard to the food charges and the provision of stores, some additional outlay has to be faced, the final result is a reduction of the net military budget by £480,700, which brings down the total net figure, namely £19,094,500, to an amount lower than that of any year since 1903-04.

Railways.

39. In accordance with the usual practice, I have had the figures of capital expenditure on railways during the last five years brought together, and compared with the similar estimate for 1912-13. The table includes all capital outlay, whether incurred by the State or through the agency of guaranteed or assisted companies.

	1907-1908.	1908-1909.	1909-1910.	1910-1911.	1911-1912 (Revised).	1912-1913 (Budget).
	£	£	£	£	£	£
Open lines including rolling stock . .	7,328,000	8,532,741	6,532,441	5,002,843	5,217,400	6,341,200
Lines under construction—						
(*a*) Started in previous years . .	3,006,800	1,366,200	1,482,962	2,055,264	2,636,000	2,578,800
(*b*) Started in current year . . .	...	146,130	369,291	387,821	265,000	80,000
	10,334,800	10,045,071	8,384,694	7,445,928	8,118,400	9,000,000

40. On the 31st March 1911, the total length of open lines was 32,398·81 miles, classified according to gauge as follows:—

5′ 6″ gauge	16,758·05
Metre (3′3⅜″)	13,633·28
Special gauges (2′ 6″ and 2′)	2,007·48
TOTAL .	32,398·81

During the current year we have added to these approximately the following mileage:—

5′ 6″ gauge	322·30
Metre (3′3⅜″)	308·91
Special gauges (2′ 6″ and 2′)	70·11
TOTAL .	701·32

During the ensuing year it is intended to increase this length by 790·55 miles.

41. In the current year the return on the capital at charge amounts to 4·99 per cent. as compared with 4·66 in 1910-11, 4·48 in 1909-10 and 3·69 in 1908-09. The rate of interest which we have taken for the year on the debt chargeable to railways is 3·377 per cent.

The current year has been more favourable than last year and the traffic returns show that there will be a large improvement over the Budget Estimates. The improvement is largely due to general development of traffic on railways and to additional traffic in connection with His Majesty's visit to India and the Delhi Durbar. The grants for working expenses are likely to be larger than the Budget Estimate by £346,700.

If we take the Railway Revenue Account as a whole and set the interest charges, the annuities and Sinking Fund payments and the minor debits (cost of land, etc.) against the net earnings, we find a surplus of £2,989,300, which accrues to general revenues, against a net gain of £2,017,500 in 1910-11.

42. In the Budget Estimate of next year provision has been made for a decrease in the gross receipts compared with the current year, for reasons to which I have already alluded. The latter includes an extra day's earnings in February, and special traffic in connection with the Royal visit and Delhi Durbar. Provision for working expenses has also been put a little higher on account of necessary renewals of permanent-way, rolling stock and strengthening of bridges. It is expected that the net surplus after providing for interest charges, which show an increase on account of growth of capital, will be £2,021,900.

Irrigation.

43. The financial position of our great Irrigation undertakings may be gathered at a glance from the following table, which carries on and brings up to date the information that it has been customary to give in previous Financial Statements.

Particulars.	1908-1909.	1909-1910.	1910-1911.	1911-1912, Revised.	1912-1913, Budget.
Productive Works.	£	£	£	£	£
Capital outlay to end of year . .	28,002,898	29,145,119	30,355,971	31,963,000	33,386,800
Direct receipts	2,213,644	2,249,011	2,236,989	2,314,300	2,225,700
Land Revenue due to Irrigation .	1,084,773	1,111,158	1,170,065	1,362,100	1,375,200
TOTAL RECEIPTS .	3,298,417	3,360,169	3,407,054	3,676,400	3,600,900
Working Expenses	1,011,140	1,065,481	1,080,404	1,096,000	1,050,000
Interest on debt	930,708	960,829	1,004,680	1,051,700	1,104,600
TOTAL WORKING EXPENSES .	1,941,848	2,026,310	2,085,084	2,147,700	2,154,600
NET PROFIT .	1,356,569	1,333,859	1,321,970	1,528,700	1,446,300
Protective Works.					
Capital outlay to end of year . .	2,736,094	3,112,121	3,444,204	3,814,200	4,291,900
Direct receipts	33,980	58,066	51,061	57,900	66,800
Land Revenue due to Irrigation . .	6,271	6,230	7,940	9,100	9,100
TOTAL RECEIPTS .	40,251	64,296	59,001	67,000	75,900
Working Expenses	25,449	28,730	29,217	42,700	55,900
Interest on debt	86,619	97,882	110,730	122,600	136,900
TOTAL WORKING EXPENSES .	112,068	126,612	139,947	165,300	192,800
NET LOSS .	71,817	62,316	80,946	98,300	116,900
Minor Works and Navigation.					
Direct receipts	219,334	235,691	228,465	243,400	244,300
Expenditure	879,339	889,435	877,728	848,400	909,300
NET LOSS .	660,005	653,744	649,263	605,000	665,000

44. On the 31st March 1911, 58,251 miles of main and branch canals and distributaries had been constructed, commanding 48 million acres of culturable land, the area irrigated in 1910-11 being about 22 million acres. The productive works during that year yielded a net return of 7·66 per cent on the capital outlay of £30 millions after paying all charges exclusive of interest. The net profit to the State was £1,322,000.

45. The revised estimate for 1911-12 shows a net profit of £1,529,000 on productive works and a net return of 8·07 per cent on the capital outlay of £32 millions. Excluding works still under construction the net return on the balance of the capital expended (£26 millions) amounts to 9·78 per cent.

46. On the 31st March 1912 we expect to have 58,684 miles of main and branch canals and distributaries constructed to command 48,734,000 acres of culturable land. It is expected that an area of nearly 22½ million acres will be irrigated during the year. In addition to the canals in operation, there are altogether 55 projects which are either under construction, awaiting sanction or being examined by the professional advisers of the Government. Of these 26 are productive, 23 protective and 6 minor works. The two former are designed to irrigate 8·80 and 1·18 million acres, respectively, at a total capital cost of about £31 millions and £6⅓ millions, respectively. The productive works are expected to yield a net return of 7·28 per cent on the outlay.

47. Of the projects referred to in paragraph 48 of the last year's Financial Statement, the Ghaggar, Twante, Mahanadi and Wainganga canals were sanctioned during the year. The other three schemes, *viz.*, the Cauvery Reservoir Project, the Sukkur Barrage and the Rohri Left Bank canal are still under the consideration of the

Government of India. Another most important scheme which is now before the Government of India is the Sarda-Ganges-Jumna Feeder project, mentioned in paragraph 63 of the Financial Statement for 1909-10. This work is estimated to irrigate 1,528,400 acres situated in two Provinces, twenty-five districts and three Native States. An estimate for providing permanent Head Works for the Upper Ganges canal, amounting to nearly R26 lakhs, is about to be submitted to the Secretary of State for sanction. This work will serve to render the water supplies of the Upper Ganges and Agra canals more assured during critical times. Satisfactory progress continues to be made in the construction of the triple canals in the Punjab. The probable dates of opening of the three canals are as follows :—

Upper Chenab canal—May or at latest October 1912.
Upper Jhelum and Lower Bari Doab—1914.

The works on the Upper Swat River canal in the North-West Frontier Province are now about half finished and are proceeding satisfactorily.

Provincial Finance.

48. In saying a few words on the provincial finances I have no intention to try the patience of the Council with a disquisition such as it was necessary to impose upon them a year ago. The scheme of permanent financial settlements which I then described is still in its infancy, though it could not have had a much better start than the current year has given it. The only province that has caused us any anxiety is Burma where the revenue has been disappointing and the turn of the tide has not yet come. In order to prevent either a large overdraft, which under our new arrangements is inadmissible, or practically a complete suspension of its public works, we have made the province a special gift of £133,000 to be spent on the improvement of its communications. The other provinces have all fared extremely well, and I have every hope that the permanence of their settlements will strengthen the spirit of economy and self-reliance in the provincial administrations, while leaving them ample margin for all legitimate expansion.

49. The even tenor of our way, however, was broken by a cause which none of us foresaw a year ago. The re-constitution of Bengal means the abrogation of the settlements with the two existing provinces, and has led to the formation of new settlements with the three provinces which are now to take their place. Such settlements we have now framed, and the budgets for next year have been drawn up in accord with them. It was obviously impossible to endow the new arrangements with the same permanency as in the older provinces. In Behar and Orissa there must be a considerable amount of initial expenditure before the province settles down to normal conditions, and in Assam it will be some little time before we can estimate the permanent requirements of a tract which shows promise of important developments. Moreover the methods adopted in framing the settlement standards were of necessity in some measure tentative and provisional. The arrangements which we have concluded therefore are for three years, in the hope that, after that period expires, it will be possible to gauge the needs of the new provinces with sufficient accuracy to justify us in giving them permanent settlements.

50. In all other respects our temporary settlements follow the ordinary lines. In each of the three provinces the Imperial exchequer will receive one-half of the receipts from Land Revenue and one-half of the net receipts from Stamps and Assessed Taxes. In Bengal and in Behar and Orissa it will take half the net Irrigation revenue as well, and in the latter province one quarter of the net receipts from Excise. All other revenue and expenditure will be wholly provincial, and the shares which I have mentioned have been chosen with a view to bring the provincial accounts as near to equilibrium as possible, so that the local Governments may get the full advantage of their growing revenues. The standards of expenditure have been fixed with moderate liberality, and besides distributing the existing balances we have strengthened the reserves of the new provinces by initial grants aggregating £782,000. The provinces will thus start their 1912-13 accounts with the following opening balances: Assam with £267,000; Behar and Orissa with £833,000; and Bengal proper with a round £1,000,000. These figures exclude the grants made from the opium windfall in the current year; and the Bengal figure includes £267,000 held for the Calcutta Improvement Trust. Behar and Orissa is treated well

because it needs substantial assistance in the task of establishing a new head-quarters. Assam is a country of much promise, where we believe that judicious expenditure on communications and colonizing will amply repay itself in time. Bengal proper has been contending for some years against serious financial difficulties, which we are glad to mitigate, particularly if we thereby facilitate the steady improvement of the administration in the Eastern districts. We trust that our liberality will be justified, and that it will be regarded as an earnest of our desire for the well-being of the three new administrations.

Ways and Means.

51. The management of our cash balances, and the provision of adequate funds for all the multifarious claims upon them, have presented no difficulty in the current year. Our capital programme for 1911-12 was the expenditure of £9½ millions on Railways and about £1¼ millions on Irrigation. We proposed to pay off roughly £2¾ millions of debentures, bonds and floating debt; while on the other hand we meant to add £1⅓ millions in India and £4½ millions in England (the latter partly borrowed by Railway companies) to our permanent debt. We expected that our cash balances in England and India combined would be reduced from £28½ to £21¼ millions, exclusive in each case of the uninvested portion of the Gold Standard Reserve. The Secretary of State's Treasury drawings were taken in the budget at nearly £16 millions.

52. The actual position has been stronger throughout. The total capital outlay (excluding a small sum for Imperial Delhi) has been only £9¾ millions, Irrigation having used a small fraction of the Railway lapses. The repayment of debt has been what we took in the budget:—£1¾ millions of Madras and Indian Midland Railway debentures, £½ million of annual drawings from our Indian Bonds and £½ million of India Bills withdrawn. We have borrowed as we proposed in India: but the operations of our Railway companies in the London market have not been what we expected, and the total addition to our permanent sterling debt has been only a little over £2¾ millions. Nevertheless, our cash balances have fallen only from £30¼ to £29⅓ millions. The great improvement is due chiefly to the growth of the surplus, both Imperial and Provincial; to a large increase in savings banks deposits; and to bigger credits from departmental and judicial deposits. The Secretary of State's drawings against our Treasury balances have, owing to an active trade demand, been much higher than we provided for. They will probably be as heavy as £24½ millions; our surplus funds in India being thereby transferred to London, so that while our Indian closing balance is a little under 18 crores, that of the Home treasury will be about £17½ millions.

53. In 1912-13 we shall have to finance a capital programme of £9,000,000 for Railways and of £1,416,000 for Irrigation, as well as to find £1,333,000 for Imperial Delhi. We also have Madras and Indian Midland Railway debentures to the value of £1,478,000 falling due; and it is proposed to repay the whole of our outstanding India Bills of £4,500,000, as well as to meet the usual £500,000 drawings of India Bonds. Our special liabilities outside the revenue accounts thus come to roughly £18¼ millions, which it is intended to finance as follows. We shall have our estimated revenue surplus of £1,512,000. It is proposed to raise a loan of 3 crores (£2,000,000) in India and another of £3,000,000 in England; while it is hoped to obtain £1,810,000 through Railway Companies, apart from the money they raise for the discharge of debentures. This will give us about £8¼ millions, and for the remaining £10 millions it may, for all practical purposes, be assumed that we shall draw on our high cash balances. The result of these, and of a host of minor and more everyday transactions, will be to reduce our balances on the 31st of March 1913 to approximately £19 millions. We estimate that the Secretary of State will sell Council Bills and Telegraphic Transfers upon us to the extent of £15½ millions; and the result will be to leave £6 millions in the Home treasury and 19½ crores in India. We may regard 2 crores as being kept in hand for future expenditure on Imperial Delhi.

54. Besides the £15½ millions of drawings which I have estimated above, the Secretary of State will as usual sell additional bills on India so far as our resources may permit, if there is a sufficient demand for them. All my announcements about loans and drawings are subject to the ordinary reservations: the Secretary of State and the Government of India retaining full discretion to vary the amounts mentioned above in any way and to any extent that may be thought advisable.

Retrospect and Conclusion.

55. And now, my Lord, I have nearly finished. But, before I sit down, I may be permitted a few words of retrospect. This is the last session of Your Excellency's

Legislative Council which will be held in this chamber, and this year is the closing year of the first triennial term for which the present Council was appointed under the new regulations. Next year we shall meet in different surroundings, and there will probably be a number of new faces among us. In such circumstances it is not unnatural that we should look back across the last three years and register the progress we have made. When I laid my first budget before the Legislative Council of the old régime in March 1909, I ventured to forecast the results of the then impending reforms on the branch of Government business which is immediately under my charge. I said that I did not fear the change. I believed that, though there would be increased and more searching criticism, it would proceed not from any intention to embarrass a public servant who was honestly trying to do his duty, but rather from a desire to help him to effect improvement. I said that I should welcome criticism, because I believed that my critics would be actuated by a common desire to improve the work of those who govern and the condition of those who have to bear taxation.

56. My Lord, I may confidently say that that forecast has been fully realised. It is not the time to sum up the influence which this Council has exercised on the general administration of India, or to estimate the services that it has rendered alike to the rulers and to the ruled. But I can testify unhesitatingly to the power that the Council holds for good in directing attention to the finances of the country, in scrutinizing expenditure, and in advising the Government on the employment of the public funds. I have always found the criticisms of my non-official colleagues temperate, suggestive and helpful. Unable though we may at times have been to accept their opinions at once, they have not been without their effect on our subsequent arrangements; and even where we wholly disagreed, they have shown us fresh points of view and warned us of probable dangers. It is no exaggeration to say that the free interchange of views which this Council stimulates, has already become a powerful factor for good in the financial policy of India.

57. It is not, however, the tendency of financial thought on which I wish to dwell to-day, so much as the movement of our finances themselves during the last three years. Measured by figures, this has been very striking. The year in which the new Council was elected, 1909-10, was one of slow and painful recovery from the effects of the famine and the international financial crisis of 1907. The shears of economy had to be brought out; but no great retrenchment was possible with the necessary promptitude, and some of the provinces—particularly Eastern Bengal and Assam—were in serious difficulties like ourselves. There was also every prospect of a serious collapse in our opium revenue. The whole position was gloomy when the first of its budgets was laid before the new Council, and it was my unpleasant duty to announce the imposition of new taxes. I am not going to fight all that battle over again. Recent events have somewhat obscured the necessity for the measures which we took in March 1910; but I believe they have caused the minimum of hardship; and I am confident that time will justify them, when our opium revenue ultimately dwindles and our other resources are strained by the growing demand for more schools and healthier homes.

58. In 1909-10 we took in hand what I had recognized at a very early stage to be one of the main dangers of our financial stability, *viz.*, our liability for provincial expenditure and our somewhat ineffective control over it. A scheme of permanent provincial settlements was worked out, defining the resources of local Governments and providing a specific procedure for enforcing their financial responsibilities. That scheme is now in force, and I believe that it will be found a source of strength to ourselves and an incentive to economy in the provinces. This reform and a steady campaign against avoidable expenditure occupied most of our energies in 1909-10. But simultaneously the tide turned after the long depression which had begun in 1907, and since then there has been an almost unchecked advance in financial well-being.

59. The actual figures of the period which I am reviewing may be stated very briefly. In 1909-10 the total revenue of India, excluding the gross opium receipts, was £69,100,000; in 1912-13 we expect that it will be £75,700,000. In 1909-10 the total expenditure of India was £73,100,000; for 1912-13 we are taking it at £79,300,000. The growth of normal revenue in the four years has been £6,600,000; the growth of expenditure has been only £6,200,000; and part of this latter figure represents special and non-recurring outlay (probably close on £900,000) out of the opium windfalls of the last two years. We are thus steadily building up our bulwarks against the dangers and the needs of the future. I am indebted to my official colleagues for their cordial co-operation in a policy of economy which, though it is now beginning to bear fruit, must often have been a disagreeable duty, and which I could not possibly have carried through without their assistance and support.

60. An analysis of the expenditure of the period gives remarkable results. The growth in our total spending has been as I have mentioned, from £73·1 millions to £79·3 millions, or 8½ per cent. Within these totals, however, expenditure on education has risen from £1,705,000 to £3,043,000, or by 78 per cent.: and on medical and sanitary services from £968,000 to £1,683,000, or by 73 per cent. During the same four years the growth in Police expenditure has been only 10 per cent. and on our Military services it has been less than 1 per cent. There are obvious qualifications to all-round percentage comparisons like these: but they do not obscure the main issue, the paramount importance that has been given, during the lifetime of this Council, to the furtherance of the objects which I know the Council has closely at heart. I might allude also to the increase in our provision for Irrigation, both productive and protective; but time is short and I must pass on to the more general aspects of our financial situation.

61. The most faithful reflex of our general position would be found in an analysis of our public debt and the statistics of our foreign trade: but unfortunately figures for neither of these are yet available for the whole of the period which I am reviewing. So far as our statistics go, there is clear evidence that the additions to our debt since 1908 have been more than covered by the value of the railways and irrigation works which they have helped us to construct and acquire. Our borrowings, both in England and in India, have been studiously moderate; and we have not yet approached the full £12½ millions railway programme which has been advocated. The £6 millions of floating debt which we had to raise in 1908 has been very much on my mind: but it will, if all goes well, be completely repaid next year, thanks in a large measure to our opium windfalls. The condition of our public debt is healthy. About our external trade I have already spoken at some length. Its total monetary value in 1909-10 was roughly 350 crores (excluding Government transactions): in the current year it will touch 415 crores. Even if we discount the element of high prices, this represents a great advance in trade and industry: and as the balance is steadily in our favour, it means a strong exchange, good credit, and a ready inflow of the capital which India so badly wants for the development of its magnificent resources.

62. The mention of exchange brings me very close to currency. Our currency system has had a remarkable history—a history of which we may be pardonably proud—during the last three years. For a detailed examination of the present position, I cannot do better than refer Honourable Members, if they have not already studied it, to the admirable report on the operations of our Paper Currency department which our present Comptroller-General, Mr. Gillan, published in October last. It contains an able and illuminating analysis of the movements and tendencies of our currency, and exemplifies the new spirit with which I trust that these important developments will be watched and guided. Three years ago, when this Council considered their first budget, the position was unique. Our mints had stopped fresh coinage for over a year. The adverse balance of trade in 1908 had forced us to draw on our Gold Standard Reserve in defence of exchange; and against the gold thus released we had received and withdrawn from circulation in India the enormous quantity of 120 million rupees. Mainly through this cause our rupee reserves at the beginning of 1909-10 were enormously strong: between our currency chests and the silver branch of the Gold Standard Reserve we had altogether 47 crores at our command; and in the strength of that accumulation we have been meeting all demands upon us ever since. The absorption of rupees in the intervening three years has been about 32 crores; and by whatever test the figures are tried, it is clear that the demand has been less active than in the earlier years of the century, when the resources of our mints were severely strained to meet the calls of trade for silver currency. This change in the habits of India, swift and momentous in its possibilities, has defeated the calculations of the silver speculators. It has also absolved me from the necessity of undertaking fresh coinage, in spite of no inconsiderable pressure from interested quarters.

63. To my mind it is a matter of no small satisfaction that the country is taking kindly to other forms of currency. We cannot look for rapid progress in the use of cheques and other banking substitutes for metallic money. But the extended employment of sovereigns and of currency notes will lighten our burdens materially and must lead to greater elasticity and economy. I am particularly hopeful that the sovereign will push its way into popular favour. During 1909-10 no less than £9 millions were imported: in the following year over £8 millions; and up to December of the current year, a further £8½ millions. I do not attach too much importance to the spasmodic issues of gold for the movement of certain harvests in the more advanced areas. But I am convinced

that these masses of imported sovereigns will not all disappear into hoards or the melting-pot; and that, as the people become more familiar with them, their use as genuine currency will very largely extend. The habit will probably come with a rush, as other changes have come in India.

64. No better precedent could be found for the change than the remarkable growth of our paper currency. In March 1909 the volume of the note circulation was 45½ crores. In August 1911 it overtopped 60 crores, and it is now rarely under 55 crores. We can hardly doubt that this rapid development had a share in easing off the demand for rupees. Nor is there any question that it in turn owes its success to the bold policy of universalizing all notes from ₹100 downwards. The old circle system was devised as a precaution against the use of notes as remittances. Its abolition (except for high value notes) has shown that what the people may remit freely, they will treat with all the more confidence as currency; and we have the unquestioned authority of the Comptroller General for saying that no inconvenience whatever has resulted from the extension of the universal notes.

65. In all these ways our currency system has made notable progress in the last three years. We have fortunately been able to refrain from the fresh coinage of silver: we have seen an imposing volume of gold flow into the country by perfectly natural channels: and the people have taken with avidity to a paper currency from which a number of obsolete restraints have been removed. If the free circulation of gold is not so much nearer as some of us would wish, it is certainly no further off. And during these three years our gold reserves have been greatly strengthened and their functions have been more clearly defined. I am well aware how robust and general is the feeling in India that the Gold Standard Reserve should be raised to a still higher minimum, and I confess to a lingering hope that this may yet be found practicable. But the matter rests in the hands of the Secretary of State for India, who keeps and controls the reserve, and who has accepted a wide responsibility for making it effective.

66. In the review which I have now given of the expenditure during the last three years, it will be seen how markedly the character of the allotment to certain services has changed.

Hon'ble Members will, I think, look back with satisfaction on the steady increase which has taken place during the first period of the life of the reformed Council in the expenditure on Sanitation and Education.

India owes a debt of gratitude to Mr. Gokhalé for pressing to the forefront the claims of Education.

He has been fortunate in being able to do so during the Viceroyalty of one who has Education as much at heart as has Mr. Gokhalé himself.

If I may be pardoned an indiscretion, I may mention that on the very first occasion when I discussed finance with His Excellency, very soon after he assumed his high office, he expressed a hope that the burdens on the people would not be increased. He added that his chief desire was, that the amelioration of sanitation and the wide and comprehensive diffusion of education should form the chief features of his Viceroyalty.

It will be admitted, I hope, that I have endeavoured, by the provision of money, to second Mr. Gokhalé's efforts, to support the Honourable Member in charge of Education, and to give effect to His Excellency's heartfelt desire.

67. The trend of expenditure is upward; but it is indeed a hopeful feature of the financial and political progress of this country that the growth of expenditure is occasioned, not by costly military operations, not by exaggerated railway expenditure, not by wasteful extravagance in administration; but by well-considered outlay on services which tend to the moral and material progress of the Indian people.

GUY FLEETWOOD WILSON.

1st March 1912.

FINANCIAL STATEMENT

OF THE

GOVERNMENT OF INDIA

MARCH 1912.

ACCOUNTS	1910-1911
REVISED ESTIMATES	1911-1912
BUDGET ESTIMATES	1912-1913

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I.—General Statement of the Revenue, and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1910-1911.	Budget Estimate, 1911-1912.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.
Revenue—					
Principal Heads of Revenue—		£	£	£	£
Land Revenue	A	20,877,521	21,418,800	20,458,900	21,349,300
Opium	„	7,521,962	4,280,400	5,856,700	3,622,000
Salt	„	3,175,950	3,291,700	3,356,500	3,387,800
Stamps	„	4,811,691	4,799,600	4,739,700	4,881,300
Excise	„	7,030,314	7,226,400	7,613,500	7,867,900
Customs	„	6,619,009	6,214,000	6,544,400	6,398,300
Other Heads	„	5,010,538	5,063,100	5,139,400	5,227,800
TOTAL PRINCIPAL HEADS	...	55,046,985	52,294,000	53,709,100	52,734,400
Interest	A	1,465,439	1,177,000	1,448,200	1,227,300
Post Office	„	1,996,922	2,136,100	2,122,400	2,218,900
Telegraph	„	997,159	1,046,400	1,066,400	1,065,100
Mint	„	196,110	198,500	341,000	205,700
Receipts by Civil Departments	„	1,211,123	1,211,600	1,206,700	1,226,600
Miscellaneous	„	677,891	600,300	733,200	552,400
Railways : Net Receipts	„	13,881,461	13,963,600	15,151,100	14,540,200
Irrigation	„	3,694,521	3,824,100	3,986,800	3,921,100
Other Public Works	„	293,833	335,300	349,900	296,700
Military Receipts	„	1,221,029	1,248,000	1,333,100	1,318,000
TOTAL REVENUE	...	80,682,473	78,034,900	81,447,900	79,306,400

N. G. BASU,
Offg. Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT,
March 1, 1912.

Revenue, of the Government of India, in India and in England.

	For details, *vide* Statement.	Accounts, 1910-1911.	Budget Estimate, 1911-1912.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.
Expenditure—		£	£	£	£
Direct Demands on the Revenues	B	8,856,223	9,071,000	8,706,600	8,803,700
Interest	„	2,168,902	2,125,100	2,079,800	2,045,200
Post Office	„	1,950,892	2,021,000	2,037,300	2,049,200
Telegraph	„	976,832	1,093,600	1,116,900	1,094,500
Mint	„	92,369	93,800	115,600	101,400
Salaries and Expenses of Civil Departments	„	14,931,367	16,858,400	16,458,300	17,440,900
Miscellaneous Civil Charges	„	4,810,767	4,886,700	4,932,800	4,908,100
Famine Relief and Insurance	„	1,000,000	1,000,000	1,000,000	1,000,000
Railways: Interest and Miscellaneous Charges	„	11,863,965	12,113,800	12,161,800	12,518,300
Irrigation	„	3,110,134	3,343,600	3,175,900	3,308,300
Other Public Works	„	4,537,462	5,501,500	5,379,600	5,610,800
Military Services	„	20,486,071	20,823,200	20,923,800	20,412,500
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	74,784,984	78,931,700	78,088,400	79,292,900
Add—Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.	End of B	1,961,202	...	609,500	...
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	...	*1,716,000*	...	*1,498,100*
TOTAL EXPENDITURE CHARGED TO REVENUE	...	76,746,186	77,215,700	78,697,900	77,794,800
SURPLUS	...	3,936,287	819,200	2,750,000	1,511,600
TOTAL	...	80,682,473	78,034,900	81,447,900	79,306,400

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement	Receipts. Accounts, 1910-1911.	Budget Estimate, 1911-1912.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.
		£	£	£	£
Surplus	C	3,936,287	819,200	2,750,000	1,511,600
Railway, Irrigation and other Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (net)	C	2,294,278	1,357,500	...	...
Capital raised and deposited by Railway Companies (net)	"	87,241	36,500	28,900	1,965,600
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	8,896,956	2,088,900	1,825,900	2,931,100
Unfunded Debt (net Incurred)	"	1,164,908	1,123,300	1,760,400	1,318,700
Deposits and Advances (net)	"	1,550,367	...	1,731,100	...
Loans and Advances by Imperial Government (net Repayments)	"	174,074	...	175,400	...
Loans and Advances by Provincial Governments (net Repayments)	"	576,135	30,900	...	...
Loans to Local Boards for Railway Construction	"	6,328	6,600	6,600	6,900
Remittances (net)	"	203,370	2,200	835,100	3,400
Secretary of State's Bills drawn	"	23,638,303	15,825,000	24,500,000	15,500,000
TOTAL RECEIPTS	...	42,528,247	21,290,100	33,613,400	23,237,300
Opening Balance—India	...	12,295,428	12,465,528	13,566,922	11,807,022
England	...	15,809,618	17,543,418	18,174,349	18,543,949
TOTAL	...	70,633,293	51,299,046	65,354,671	53,588,271

N. G. BASU,
Offg. Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 1, 1912.

Government of India, in India and in England.

	For details, *vide* Statement.	Disbursements			
		Accounts, 1910-1911.	Budget Estimate, 1911-1912.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.
		£	£	£	£
Railway, Irrigation and other Capital not charged to Revenue—					
Outlay on Irrigation Works	C	1,203,888	1,266,700	1,592,500	1,415,500
Outlay on State Railways	„	8,915,205	8,103,200	7,196,500	7,836,700
Initial outlay on new Capital at Delhi	„	...	...	166,700	1,333,300
Outlay of Railway Companies (net)	„	—1,375,963	1,434,000	988,600	1,319,500
Capital involved in Redemption of Railway Liabilities	„	5,904,100	...	...	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	14,647,230	10,803,900	9,944,300	11,905,000
Debt, Deposits, and Advances—					
Temporary Debt (net Discharged)	C	1,000,000	500,000	500,000	450,000
Deposits and Advances (net)	„	...	1,339,500	...	1,081,300
Loans and Advances by Imperial Governments (net Advances)	„	...	114,200	...	32,100
Loans and Advances by Provincial Governments (net Advances)	„	...	...	328,200	240,000
Secretary of State's Bills paid	„	23,244,792	15,825,700	24,231,206	15,769,000
TOTAL DISBURSEMENTS	...	38,892,022	28,583,300	35,003,700	33,527,400
Closing Balance—India	...	13,566,922	12,483,228	11,807,022	13,086,422
England	...	18,174,349	10,232,518	18,543,949	6,974,449
TOTAL	...	70,633,293	51,299,046	65,354,671	53,588,271

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

A.—*Statement of the Revenue of*

HEADS OF REVENUE.	ACCOUNTS, 1910-1911.					REVISED
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)
	Imperial.	Provincial.				Imperial.	Provincial.
Principal Heads of Revenue—	R	R	£	£	£	R	R
I.—Land Revenue	9,50,36,230	21,81,26,578	20,877,521	...	20,877,521	11,35,56,000	19,33,28,000
II.—Opium	11,28,29,433	...	7,521,962	...	7,521,962	8,78,51,000	...
III.—Salt	4,76,39,253	...	3,175,950	...	3,175,950	5,03,47,000	...
IV.—Stamps	3,65,70,770	3,56,04,593	4,811,691	...	4,811,691	3,60,57,000	3,50,38,000
V.—Excise	5,37,76,727	5,16,77,988	7,030,314	...	7,030,314	3,39,08,000	8,02,95,000
VI.—Provincial Rates	3,370	83,12,307	554,378	...	554,378	13,000	83,26,000
VII.—Customs	9,92,85,138	...	6,619,009	...	6,619,009	9,81,65,000	...
VIII.—Assessed Taxes	1,33,41,891	1,05,57,622	1,593,301	...	1,593,301	1,35,80,000	1,10,15,000
IX.—Forest	1,42,05,664	1,32,37,694	1,829,557	...	1,829,557	9,55,000	2,77,38,000
X.—Registration	58,734	63,29,091	425,855	...	425,855	67,000	64,23,000
XI.—Tributes from Native States	91,11,699	...	607,447	...	607,447	89,74,000	...
TOTAL	48,18,58,909	34,38,45,873	55,046,985	...	55,046,985	44,34,73,000	36,21,63,000
XII.—Interest	1,08,42,013	49,57,573	1,053,306	412,133	1,465,439	1,04,33,000	45,70,000
XIII.—Post Office	2,99,53,836	...	1,996,922	...	1,996,922	3,18,36,000	...
XIV.—Telegraph	1,48,92,327	...	992,822	4,337	997,159	1,59,21,000	...
XV.—Mint	29,41,653	...	196,110	...	196,110	51,13,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	2,62,815	43,97,132	310,663	...	310,663	3,07,000	45,21,000
XVI.—Law and Justice { Jails	3,50,615	32,16,252	237,791	...	237,791	3,65,000	32,58,000
XVII.—Police	1,70,778	21,59,814	155,373	...	155,373	52,000	17,33,000
XVIII.—Ports and Pilotage	...	21,97,963	146,531	...	146,531	...	21,97,000
XIX.—Education	37,013	27,17,533	183,636	...	183,636	40,000	29,99,000
XX.—Medical	8,352	9,35,014	62,891	806	63,697	8,000	9,57,000
XXI.—Scientific and other Minor Departments	1,79,053	15,03,520	112,172	1,260	113,432	2,16,000	14,20,000
TOTAL	10,08,626	1,71,27,228	1,209,057	2,066	1,211,123	9,88,000	1,70,85,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	12,42,785	7,49,227	132,801	62,688	195,489	12,05,000	7,75,000
XIII.—Stationery and Printing	6,80,974	7,83,868	97,656	...	97,656	6,53,000	8,01,000
XXIV.—Exchange	10,51,256	...	70,084	...	70,084	15,85,000	...
XXV.—Miscellaneous	15,18,748	27,56,383	285,009	29,653	314,662	20,43,000	25,91,000
TOTAL	44,93,763	42,89,478	585,550	92,341	677,891	54,86,000	41,67,000
Railways—							
XXVI.—State Railways (Gross Receipts)	45,93,47,555	95,331	30,629,526	230	30,629,756	49,51,95,000	1,05,000
Deduct:—Working Expenses	*24,47,73,602*	*80,826*	*16,323,629*	...	*16,323,629*	*26,23,17,000*	*83,000*
Surplus profits paid to Companies, etc.	*69,60,184*	...	*464,012*	...	*464,012*	*64,88,000*	...
Net Receipts	20,76,13,769	14,505	13,841,885	230	13,842,115	22,63,90,000	22,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	...	...	...	...	...	...	...
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of Advances of Interest)	2,03,920	...	13,595	25,751	39,346	1,80,000	...
TOTAL	20,78,17,689	14,505	13,855,480	25,981	13,881,461	22,65,70,000	22,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,51,68,147	1,91,52,611	2,288,051	...	2,288,051	1,47,67,000	2,08,16,000
Portion of Land Revenue due to Irrigation	1,01,86,223	74,83,855	1,178,005	...	1,178,005	1,12,23,000	93,45,000
XXX.—Minor Works and Navigation	10,88,639	23,38,341	228,465	...	228,465	14,14,000	22,37,000
TOTAL	2,64,43,009	2,89,74,807	3,694,521	...	3,694,521	2,74,04,000	3,23,98,000
Other Public Works—							
XXXI.—Civil Works	4,90,275	36,17,224	273,833	20,000	293,833	10,42,000	42,07,000
Military Receipts—							
XXXII.—Army: Effective	84,07,438	...	560,496	387,658	948,154	93,07,000	...
Non-Effective	11,87,317	...	79,154	31 341	110.495	12,43,000	...
	95,94,755	...	639,650	418,999	1,058.649	1,05,50,000	...
XXXIII.—Marine	13,76,810	...	91,787	...	91,787	11,89,000	...
XXXIV.—Military Works	10,58,888	...	70,593	...	70,593	11,37,000	...
TOTAL	1,20,30,453	...	802,030	418,999	1,221,029	1,28,76,000	...
TOTAL REVENUE	79,27,72,553	40,28,26,688	79,706,616	975,857	80,682,473	78,11,42,000	42 46,12,000

India, in India and in England.

ESTIMATE, 1911-1912.				BUDGET ESTIMATE, 1912-1913.						
				India. (Rupee Figures)						
Total India (converted into £ at Rs15=£1).	England.	Total.	Increase + Decrease — as compared with Budget Estimate, 1911-1912.	Imperial.	Provincial.	Total India (converted into £ at Rs15=£1).	England.	Total.	Increase + Decrease — of Budget, 1912-1913 as compared with Budget Estimate, 1911-1912.	Increase + Decrease — of Budget, 1912-1913, as compared with Revised Estimate, 1911-1912.
£	£	£	£	R	R	£	£	£	£	£
20,458,900	...	20,458,900	—959,900	14,51,30,000	17,51,09,000	21,349,300	...	21,349,300	—69 500	+ 890,400
5,856,700	...	5,856,700	+ 1,576,300	5,43,31,000	...	3,622,000	...	3,622,000	—658,400	—2,234,700
3,356,500	...	3,356 500	+ 64,800	5,08,17,000	...	3,387,800	...	3,387,800	+ 96,100	+ 31,300
4,739,700	...	4,739,700	—59,900	3,71,20,000	3,60,99,000	4 881,300	...	4,881,300	+ 81,700	+ 141,600
7,613,500	...	7,613,500	+ 387,100	3,28,28,000	8,51,90,000	7,867,900	...	7,867,900	+ 641,500	+ 254,400
555,900	...	555,900	+ 10,900	17,000	82,39,000	550,400	...	550,400	+ 5,400	— 5,500
6,544,400	...	6,544,400	+ 330,400	9,59,75,000	...	6,398,300	...	6,398,300	+ 184,300	—146,100
1,639,700	...	1,639,700	+ 36,300	1,36,16,000	1,10,65,000	1,645,400	...	1,645 400	+ 42,000	+ 5,700
1,912,800	...	1,912,800	+ 47,300	10,80,000	2,86,87,000	1,984,500	...	1,984,500	+ 119,000	+ 71,700
432,700	...	432,700	+ 2,300	66,000	65,88,000	443,600	...	443,600	+ 13,200	+ 10,900
598,300	...	598,300	—20,500	90,59,000	...	603,900	...	603,900	—14,900	+ 5,600
53,709,100	...	53,709,100	+ 1,415,100	44,00,39,000	35,09,77,000	52,734,400	...	52,734,400	+ 440,400	— 974,700
1,000,200	448,000	1,448,200	+ 271,200	1,03,91,000	41,45,000	969,100	258,200	1,227,300	+ 50,300	—220,900
2,122,400	...	2,122,400	—13,700	3,32,84,000	...	2,218,900	...	2,218,900	+ 82,800	+ 96,500
1,061,400	5,000	1,066,400	+ 20,000	1,58,94,000	...	1,059,600	5,500	1,065,100	+ 18,700	—1,300
340,900	100	341,000	+ 142,500	30,86,000	...	205,700	...	205,700	+ 7,200	—135,300
321,900	...	321,900	+ 19,000	2,57,000	45,68,000	321,700	...	321,700	+ 18,800	— 200
241,500	...	241,500	+ 1,500	3,68,000	33,74,000	249,500	...	249,500	+ 9,500	+ 8,000
119,000	...	119,000	—32,100	49,000	15,64,000	107,500	...	107,500	—43,600	— 11,500
146,500	...	146,500	+ 3,800	...	21,93,000	146,200	...	146,200	+ 3,500	— 300
202,600	...	202,600	+ 2,100	43,000	31,48,000	212,700	...	212,700	+ 12,200	+ 10,100
64,300	800	65,100	+ 1,800	8,000	9,59,000	64,500	800	65,300	+ 2,000	+ 200
109,100	1,000	110,100	— 1,000	2,88,000	15,51,000	122,600	1,100	123,700	+ 12,600	+ 13,600
1,204,900	1,800	1,206,700	4,900	10,13,000	1,73,57,000	1,224,700	1,900	1,226,600	+ 15,000	+ 19,900
132,000	67,400	199,400	+ 4,700	12,11,000	7,99,000	134,000	65,100	199,100	+ 4,400	— 300
96,900	...	96,900	+ 100	6,02,000	8,23,000	95,000	...	95,000	—1,800	— 1,900
105,700	...	105,700	+ 105,700	...	...	...	...	...	...	—105,700
308,900	22,300	331,200	+ 22,400	11,38,000	24,92,000	242,000	16,300	258,300	—50,500	— 72,900
643,500	89,700	733,200	+ 132,900	29,51,000	41,14,000	471,000	81,400	552,400	—47,900	—180,800
33,020,000	200	33,020,200	+ 1,586,600	48,84,00,000	1.00,000	32,566,700	200	32,566,900	+ 1,133,300	—453,300
17,493,400	...	*17,493,400*	—346,700	*26,49,15,000*	*85,000*	*17,666,700*	...	*17,666,700*	— 520,000	—173,300
432,500	...	*432,500*	—55,000	*61,67,000*	...	*411,100*	...	*411,100*	—33,600	+ 21,400
15,094,100	200	15,094,300	+ 1,184,900	21,73,18,000	15,000	14,488,900	200	14,489,100	+ 579,700	—605,200
...	...	...	...	...	...	...	...	...	...	...
12,000	44,800	56,800	+ 2,600	1,90,000	...	12,600	38,500	51,100	—3,100	—5,700
15,106,100	45,000	15,151,100	+ 1,187,500	21,75,08,000	15,000	14,501,500	38,700	14,540,200	+ 576,600	—610,900
2,372,200	...	2,372,200	+ 60,300	1,44,90,000	1,98,97,000	2,292,500	...	2,292,500	— 19,400	—79,700
1,371,200	...	1,371,200	+ 104,200	1,13,22,000	94,42,000	1,384,300	...	1,384,300	+ 117,300	+ 13,100
243,400	...	243,400	—1,800	14,06,000	22,59,000	244,300	...	244,300	—900	+ 900
3,986,800	...	3,986,800	+ 162,700	2,72,18,000	3,15,98,000	3,921,100	...	3,921,100	+ 97,000	—65,700
349,900	...	349,900	+ 14,600	4,47,000	40,03,000	296,700	...	296,700	—38,600	—53,200
620,500	442,700	1,063,200	+ 79,200	1,07,37,000	...	715,800	326,800	1,042,600	+ 58,600	—20,600
82,900	32,000	114,900	+ 8,000	12,05,000	...	80,300	32,000	112,300	+ 5,400	—2,600
703,400	474,700	1,178,100	+ 87,200	1,19,42,000	...	796,100	358,800	1,154,900	+ 64,000	—23,200
79,200	...	79,200	—11,200	13,66,000	...	91,100	...	91,100	+ 700	+ 11,900
75,800	...	75,800	+ 9,100	10,80,000	...	72,000	...	72,000	+ 5,300	—3,800
858,400	474,700	1,333,100	+ 85,100	1,43,88,000	...	959,200	358,800	1,318,000	+ 70.000	—15.100
80,383,600	1,064,300	81,447,900	+ 3,413,000	76,62,19,000	41,22,09,000	78,561,900	744,500	79,306,400	+ 1,271,500	—2,141,500

B.—*Statement of the Expenditure charged to the*

HEADS OF EXPENDITURE.	ACCOUNTS, 1910-1911. India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.	Total India (converted into £ at R15=£1).	England.	Total.	REVISED India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.
Direct Demands on the Revenues—	₹	₹	£	£	£	₹	₹
1.—Refunds and Drawbacks	30,56,754	11,27,583	278,956	...	278,956	33,50,000	13,43,000
2.—Assignments and Compensations	84,67,618	97,74,680	1,216,153	...	1,216,153	82,71,000	1,01,66,000
Charges in respect of Collection, *viz.*:—							
3.—Land Revenue	41,92,353	5,07,15,296	3,660,510	1,916	3,662,426	41,90,000	5,26,99,000
4.—Opium (including cost of Production)	1,86,92,284	...	1,246,152	505	1,246,657	1,10,70,000	...
5.—Salt (including cost of Production)	56,18,198	...	374,547	2,529	377,076	55,36,000	...
6.—Stamps	—4,14,901	10,80,320	44,361	79,459	123,820	—5,04,000	11,34,000
7.—Excise	31,32,887	29,50,057	405,530	464	405,994	21,50,000	41,70,000
8.—Provincial Rates	...	69,363	4,624	...	4,624	...	85,000
9.—Customs	35,83,963	...	238,931	635	239,566	37,41,000	...
10.—Assessed Taxes	2,03,723	2,01,140	26,991	...	26,991	2,10,000	2,07,000
11.—Forest	81,06,225	72,99,863	1,027,072	6,189	1,033,261	9,56,000	1,65,23,000
12.—Registration	18,237	35,92,254	240,699	...	240,699	19,000	37,01,000
TOTAL	5,46,57,341	7,68,10,556	8,764,526	91,697	8,856,223	3,89,89,000	9,00,28,000
Interest—							
13.—Interest on Debt	3,57,90,498	1,23,31,447	3,208,130	5,781,552	8,989,682	3,71,85,000	1,22,15,000
Deduct—Amounts chargeable to Railways†	*4,30,61,629*	...	*2,870,775*	*3,396,910*	*6,267,685*	*4,56,15,000*	...
„ Amounts chargeable to Irrigation	*57,20,986*	*93,25,008*	*1,003,066*	*112,344*	*1,115,410*	*65,94,000*	*92,71,000*
Remainder chargeable on Ordinary Debt	—1,29,92,117	30,06,439	—665,711	2,272,298	1,606,587	—1,50,24,000	29,44,000
14.—Interest on other obligations	84,34,725	5	562,315	...	562,315	90,07,000	...
TOTAL	—45,57,392	30,06,444	—103,396	2,272,298	2,168,902	—60,17,000	29,44,000
15.—Post Office	2,84,06,978	...	1,893,798	57,094	1,950,892	2,97,36,000	...
16.—Telegraph	1,27,23,698	...	848,247	128,585	976,832	1,39,35,000	...
17.—Mint	13,04,673	...	86,978	5,391	92,369	16,56,000	...
Salaries and Expenses of Civil Department							
18.—General Administration	95,41,764	1,15,72,994	1,407,651	348,609	1,756,260	1,75,95,000	1,55,36,000
19.—Law and Justice { Courts	9,23,520	4,20,61,347	2,865,658	1,372	2,867,030	9,60,000	4,32,00,000
19.—Law and Justice { Jails	18,89,321	1,08,78,935	851,217	...	851,217	18,05,000	1,11,34,000
20.—Police	28,13,709	6,24,28,607	4,349,488	2,124	4,351,612	29,51,000	6,59,63,000
21.—Ports and Pilotage	...	26,67,514	177,834	56	177,890	...	26,82,000
22.—Education	9,28,552	2,66,02,401	1,835,397	10,846	1,846,243	6,78,000	2,97,26,000
23.—Ecclesiastical	18,65,160	...	124,344	334	124,678	19,01,000	...
24.—Medical	9,89,755	1,35,79,988	971,316	11,606	982,922	8,47,000	1,66,64,000
25.—Political	1,51,37,424	12,19,383	1,090,454	5,016	1,095,470	1,28,02,000	15,81,000
26.—Scientific and other Minor Departments	62,77,416	65,40,989	854,560	23,485	878,045	71,70,000	70,29,000
TOTAL	4,03,66,621	17,75,52,158	14,527,919	403,448	14,931,367	4,67,09,000	19,35,15,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	33,77,212	...	225,148	10,858	236,006	32,76,000	...
28.—Civil Furlough and Absentee Allowances	6,273	...	418	394,893	395,311	15,000	...
29.—Superannuation Allowances and Pensions	11,88,937	1,52,71,178	1,097,341	2,048,548	3,145,889	12,35,000	1,59,47,000
30.—Stationery and Printing	11,52,068	77,24,553	591,775	122,394	714,169	11,84,000	75,35,000
32.—Miscellaneous	10,23,659	32,96,674	288,022	31,370	319,392	9,62,000	43,96,000
TOTAL	67,48,149	2,62,92,405	2,202,704	2,608,063	4,810,767	66,72,000	2,78,78,000
Famine Relief and Insurance—							
33.—Famine Relief	34,789	252	2,336	...	2,336	14,33,000	2,000
34.—Construction of Protective Railways	4,00,969	...	26,731	10,164	36,895	6,88,000	...
35.—Construction of Protective Irrigation Works	52,71,178	...	351,412	8,262	359,674	57,26,000	...
36.—Reduction or Avoidance of Debt	52,66,422	37,50,000	601,095	..	601,095	31,16,000	37,50,000
TOTAL	1,09,73,358	37,50,252	981,574	18,426	1,000,000	1,09,63,000	37,52,000
Carried over	15,06,23,426	28,74,11,815	29,202,350	5,585,002	34,787,352	14,26,43,000	31,81,17,000

	ACCOUNTS, 1910-1911. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.	REVISED ESTIMATE, 1911-1912. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.
† Included under the following heads:—	₹	£	£	£	₹	£	£	£
State Railways—Interest on Debt	3,99,69,554	2,664,637	3,177,697	5,842,334	4,21,28,000	2,808,500	3,445,900	6,254,400
Ditto —Interest chargeable against Companies on Advances	30,92,075	206,138	219,213	425,351	34,87,000	232,500	175,500	408,000
TOTAL	4,30,61,629	2,870,775	3,396,910	6,267,685	4,56,15,000	3,041,000	3,621,400	6,662,400

Revenues of India, in India and in England.

ESTIMATE, 1911-1912.				BUDGET ESTIMATE, 1912-1913.						
				INDIA. (RUPEE FIGURES.						
Total India (converted into £ at R15=£1).	England.	TOTAL.	Increase + Decrease — as compared with Budget Estimate, 1911-1912.	Imperial.	Provincial.	Total India (converted into £ at R15=£1).	England	TOTAL	Increase + Decrease — of Budget, 1912-1913, as compared with Budget Estimate, 1911-1912.	Increase + Decrease — of Budget, 1912-1913, as compared with Revised Estimate, 1911-1912.
£	£	£	£	R	R	£	£	£	£	£
312,900	...	312,900	+64,100	28,95,000	11,88,000	272,200	...	272,200	+ 23,400	—40,700
1,229,100	...	1,229,100	+ 6,200	82,33,000	1,01,90,000	1,228,200	...	1,228,200	+ 5,300	—900
3,792,600	1,900	3,794,500	—11,300	42,68,000	5,46,60,000	3,928,500	1,000	3,929 500	+ 123,700	+ 135,000
738,000	700	738,700	—444,800	1,00,92,000	...	672,800	500	673,300	—510,200	—65,400
369,100	700	369,800	+ 3,300	56,41,000	...	376,100	800	376,900	+ 10,400	+ 7,100
42,000	95,300	137,300	—3,600	—4,79,000	11,47,000	44,500	110,500	155,000	+ 14,100	+ 17,700
421,300	100	421,400	—14,000	21,04,000	44,05,000	434,000	...	434,000	—1,400	+ 12,600
5,700	...	5,700	—1,600	...	88,000	5,900	...	5,900	—1,400	+ 200
249,400	500	249,900	+ 1,700	38,30,000	...	255,900	100	256,000	+ 7,800	+ 6,100
27,800	...	27,800	—400	2,26,000	2,18,000	29,600	.	29,600	+ 1,400	+ 1,800
1,165,200	6,300	1,171,500	+ 35,300	10,15,000	1,68,64,000	1,191,900	5,300	1,197,200	+ 61,000	+ 25,700
248,000	...	248,000	+ 700	20,000	36,68,000	245,900	...	245,900	—1,400	—2,100
8,601,100	105,500	8,706,600	—364,400	3,78,54,000	9,24,28,000	8,685,500	118,200	8,803,700	—267,300	+ 97,100
3,293,300	6,022,700	9,316,000	— 13,300	3,83,30,000	1,27,20,000	3,403,400	6,171,700	9,575,100	+ 245,800	+ 259,100
3,041,000	*3,621,400*	*6,662,400*	— 35,800	*4,86,94,000*	...	*3,246,300*	*3,694,900*	*6,941,200*	—314,600	—278,800
1,057,700	*116,600*	*1,174,300*	—4,700	*72,16,000*	*96,29,000*	*1,123,000*	*118,500*	*1,241,500*	—71,900	—67,200
—805,400	2,284,700	1,479,300	—53,800	—1,75,80,000	30,91,000	—965,900	2,358,300	1,392,400	— 140,700	— 86,900
600,500	...	600,500	+ 8,500	97,92,000	...	652,800	...	652,800	+ 60,800	+ 52,300
—204,900	2,284,700	2,079,800	—45,300	—77,88,000	30,91,000	—313,100	2,358,300	2,045,200	- 79,900	—34,600
1,982,400	54,900	2,037,300	+ 16,300	2,99,19,000	...	1,994,600	54,600	2,049,200	+ 28,200	+ 11,900
929,000	187,900	1,116,900	+ 23,300	1,42,98,000	..	953,200	141,300	1,094,500	+ 900	—22,400
110,400	5,200	115,600	+ 21,800	14,15,000	...	94,300	7,100	101,400	+ 7,600	—14,200
2,208,700	383,200	2,591,900	+ 14,700	1,08,16,000	1,24,99,000	1,554,300	349,700	1,904,000	—673,200	—687,900
2,944,000	3,500	2,947,500	+ 21,500	9,78,000	4,36,54,000	2,975,500	1,600	2,977,100	+ 51,100	+ 29,600
862,600	...	862,600	—25,100	19,14,000	1,14,24,000	889,200	...	889,200	+ 1,500	+ 26,600
4,594,300	1,700	4,596,000	—44,100	30,71,000	6,68,21,000	4,659,500	1,500	4,661,000	+ 20,900	+ 65,000
178,800	100	178,900	+ 1,900	...	26,33,000	175,500	100	175,600	—1,400	—3,300
2,027,000	11,000	2,038,000	— 256,900	87,33,000	3,67,50,000	3,032,200	10,500	3,042,700	+ 747,800	+ 1,004,700
126,700	300	127,000	—800	19,72,000	...	131,500	400	131,900	+ 4,100	+ 4,900
1,167,400	12,200	1,179,600	—112,900	16,60,000	2,34,02,000	1,670,800	12,100	1,682,900	+ 390,400	+ 503,300
958,900	10,200	969,100	+ 56,800	1,26,14,000	12,20,000	922,300	4,000	926,300	+ 14,000	—42,800
946,600	21,100	967,700	— 55,200	63,30,000	89,97,000	1,021,800	28,400	1,050,200	+ 27,300	+ 82,500
16,015,000	443,300	16,458,300	— 400,100	4,80,88,000	20,74,00,000	17,032,600	408,300	17,440,900	+ 582,500	+ 982,600
218,400	11,100	229,500	—3,200	32,68,000	...	217,900	11,100	229,000	—3,700	—500
1 000	426,500	427,500	+ 19,100	8,000	...	500	404,000	404,500	—3,900	—23,000
1,145,400	2,052,000	3,197,400	—8,400	12,40,000	1,64,86,000	1,181,700	2,063,000	3,244,700	+ 38,900	+ 47,300
581,300	107,900	689,200	—23,800	11,46,000	75,19,000	577,700	114,000	691,700	—21,300	+ 2,500
357,200	32,000	389,200	+ 62,400	12,02,000	33,99,000	306,700	31,500	338,200	+ 11,400	—51,000
2,303,300	2,629,500	4,932,800	+ 46,100	68,64,000	2,74,04,000	2,284,500	2,623,600	4,908,100	+ 21,400	—24,700
95,700	...	95,700	+ 95,700	21,02,000	...	140,100	...	140,100	+ 140,100	+ 44,400
45,900	15,000	60,900	—39,100	4,04,000	...	26,900	16,400	43,300	—56,700	—17,600
381,700	4,000	385,700	—14,300	67,23,000	...	448,200	8,500	456,700	+ 56,700	+ 71,000
457,700	...	457,700	—42,300	16,48,000	37,50,000	359,900	...	359,900	—140,100	—97,800
981,000	19,000	1,000,000	...	1,08,77,000	37,50,000	975,100	24,900	1,000,000	...	...
30,717,300	5,730,000	36,447,300	— 702,300	14,15,27,000	33,40,73,000	31,706,700	5,736,300	37,443,000	+ 293,400	+ 995,700

BUDGET ESTIMATE, 1912-1913.			
INDIA.			
Amount in Rupees.	Equivalent in £ at R15=£1.	England.	TOTAL.
R	£	£	£
4,49,13,000	2,994,200	3,519,400	6,513,600
37,81,000	252,100	175,500	427,600
4,86,94,000	3,246,300	3,694,900	6,941,200

B.—*Statement of the Expenditure charged to the*

HEADS OF EXPENDITURE.	ACCOUNTS, 1910-1911.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial.				Imperial.	Provincial.
	₹	₹	£	£	£	₹	₹
Brought forward	15,06,23,426	28,74,11,815	29,202,350	5,585,002	34,787,352	14,26,43,000	31,81,17,000
Railways—							
38.—State Railways: Interest on Debt	3,99,69,554	...	2,664,637	3,177,697	5,842,334	4,21,28,000	...
Annuities in purchase of Railways	...	...	...	3,357,634	3,357,634	...	...
Sinking Funds	...	...	...	171,264	171,264	...	...
Interest chargeable against Companies on Advances	30,92,075	...	206,138	219,213	425,351	34,87,000	...
Interest on Capital deposited by Companies	28,94,820	...	192,988	1,814,351	2,007,339	26,76,000	...
39.—Guaranteed Companies: Surplus Profits, Land, and Supervision	—10,642	...	—710	...	—710	...	...
40.—Subsidized Companies: Land, etc.	3,79,498	44,616	28,274	...	28,274	14,59,000	15,000
41.—Miscellaneous Railway Expenditure	4,78,990	8,184	32,479	...	32,479	5,95,000	11,000
TOTAL	4,68,04,295	52,800	3,123,806	8,740,159	11,863,965	5,03,45,000	26,000
Irrigation—							
42.—Major Works: Working Expenses	73,46,377	92,97,942	1,109,621	...	1,109,621	74,32,000	96,48,000
Interest on Debt	57,20,586	93,25,008	1,003,066	112,344	1,115,410	65,94,000	92,71,000
42A.—Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance	...	...	...	...	...	...	...
43.—Minor Works and Navigation	33,00,529	99,71,656	884,813	290	885,103	39,38,000	89,93,000
TOTAL	1,63,67,892	2,85,94,606	2,997,500	112,634	3,110,134	1,79,64,000	2,79,12,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	...	11,928	795	...	795	...	21,000
45.—Civil Works	95,05,533	5,73,37,508	4,456,203	80,464	4,536,667	99,98,000	6,93,93,000
TOTAL	95,05,533	5,73,49,436	4,456,998	80,464	4,537,462	99,98,000	6,94,14,000
Military Services—							
46.—Army: Effective	20,41,48,426	...	13,600,895	2,336,228	15,936,123	20,89,65,000	...
Non-Effective	1,05,14,653	...	700,977	2,484,680	3,185,657	1,04,17,000	...
	21,46,63,079	...	14,310,872	4,820,908	19,131,780	21,93,82,000	...
46A.—Marine	35,64,182	...	237,612	208,255	445,867	38,57,000	...
47.—Military Works	1,30,75,454	...	871,697	28,740	900,437	1,27,45,000	...
47A.—Special Defences (1902)	38,785	...	2,586	5,401	7,987	90,000	...
TOTAL	23,13,41,500	...	15,422,767	5,063,304	20,486,071	23,60,74,000	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	45,46,42,646	37,34,08,657	55,203,421	19,581,563	74,784,984	45,70,24,000	41,54,69,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	2,94,18,031	1,961,202	...	1,961,202	...	91,43,000
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	...	...	...	...	...	...	...
Total Expenditure charged to Revenue	45,46,42,646	40,28,26,688	57,164,623	19,581,563	76,746,186	45,70,24,000	42,46,12,000

	ACCOUNTS, 1910-1911.			
	INDIA.		England.	Total.
	Amount in Rupees.	Equivalent in £ at R15=£1.		
Capital Expenditure not charged to Revenue—	₹	£	£	£
48.—State Railways	10,58,16,610	7,054,441	1,860,764	8,915,205
49.—Irrigation Works	1,71,37,089	1,142,472	61,416	1,203,888
TOTAL	12,29,53,699	8,196,913	1,922,180	10,119,093
50.—Redemption of Liabilities	...	...	5,904,100	5,904,100
51.—Initial Expenditure on new Capital at Delhi	...	...	...	...

Revenues of India, in India and in England—continued.

ESTIMATE, 1911-1912.			Increase + Decrease — as compared with Budget Estimate, 1911-1912.	BUDGET ESTIMATE, 1912-1913					Increase + Decrease — of Budget, 1912-1913, as compared with Budget Estimate, 1911-1912.	Increase + Decrease — of Budget, 1912-1913, as compared with Revised Estimate, 1911-1912.
				India. (Rupee Figures.)						
Total India (converted into £ at R15=£1).	England.	Total.		Imperial.	Provincial.	Total India (converted into £ at R15=£1).	England.	Total.		
£	£	£	£	₹	₹	£	£	£	£	£
30,717,300	5,730,000	36,447,300	—702,300	14,15,27,000	33,40,73,000	31,706,700	5,736,300	37,443,000	+293,400	+995,700
2,808,500	3,445,900	6,254,400	+54,700	4,49,13,000	...	2,994,200	3,519,400	6,513,600	+313,900	+259,200
...	3,357,400	3,357,400	—400	...	...	...	3,357,800	3,357,800	...	+400
...	177,700	177,700	...	...	...	...	184,300	184,300	+6,600	+6,600
232,500	175,500	408,000	—18,900	37,81,000	...	252,100	175,500	427,600	+700	+19,600
178,400	1,647,200	1,825,600	+4,800	27,52,000	...	183,500	1,679,200	1,862,700	+41,900	+37,100
...	...	...	...	...	...	...	...	...	...	...
98,300	...	98,300	—3,500	18,00,000	19,000	121,200	...	121,200	+19,400	+22,900
40,400	...	40,400	+11,300	7,60,000	7,000	51,100	...	51,100	+22,000	+10,700
3,358,100	8,803,700	12,161,800	+48,000	5,40,06,000	26,000	3,602,100	8,916,200	12,518,300	+404,500	+356,500
1,138,700	...	1,138,700	+39,900	74,70,000	91,18,000	1,105,900	.	1,105,900	+7,100	—32,800
1,057,700	116,600	1,174,300	+4,700	72,16,000	96,29,000	1,123,000	118,500	1,241,500	+71,900	+67,200
...	...	...	—120,000	6,50,000	...	43,300		43,300	—76,700	+43,300
862,000	900	862,900	—92,300	46,55,000	90,90,000	916,400	1,200	917,600	—37,600	+54,700
3,058,400	117,500	3,175,900	—167,700	1,99,91,000	2,78,37,000	3,188,600	119,700	3,308,300	—35,300	+132,400
1,400	...	1,400	+400	...	52,000	3,500	...	3,500	+2,500	+2,100
5,292,700	85,500	5,378,200	—122,300	1,02,21,000	7,26,92,000	5,527,500	79,800	5,607,300	+106,800	+229,100
5,294,100	85,500	5,379,600	—121,900	1,02,21,000	7,27,44,000	5,531,000	79,800	5,610,800	+109,300	+231,200
13,931,000	2,443,500	16,374,500	+137,100	20,15,75,000	..	13,438,400	2,416,600	15,855,000	—382,400	—519,500
694,500	2,503,400	3,197,900	—9,300	1,04,81,000	..	698,700	2,531,000	3,229,700	+22,500	+31,800
14,625,500	4,946,900	19,572,400	+127,800	21,20,56,000	..	14,137,100	4,947,600	19,084,700	—359,900	—487,700
257,100	198,100	455,200	+7,900	34,35,000	...	229,000	218,100	447,100	—200	—8,100
849,700	39,500	889,200	—35,200	1,26,58,000	...	843,900	16,600	860,500	—3,900	—28,700
6,000	1,000	7,000	+100	1,75,000	...	11,600	8,600	20,200	+13,300	+13,200
15,738,300	5,185,500	20,923,800	+100,600	22,83,24,000	...	15,221,600	5,190,900	20,412,500	—410,700	—511,300
58,166,200	19,922,200	78,088,400	—843,300	45,40,69,000	43,46,80,000	59,250,000	20,042,900	79,292,900	+361,200	+1,204,500
609,500	...	609,500	+2,325,500	...	...	...	...	...	+217,900	—2,107,600
...	...	...		...	2,24,71,000	1,498,100	...	1,498,100		
58,775,700	19,922,200	78,697,900	+1,482,200	45,40,69,000	41,22,09,000	57,751,900	20,042,900	77,794,800	+579,100	—903,100

REVISED ESTIMATE, 1911-1912.				BUDGET ESTIMATE, 1912-1913			
India.				India.			
Amount in Rupees.	Equivalent in £ at R15=£1.	England.	Total.	Amount in Rupees.	Equivalent in £ at R15=£1.	England.	Total.
₹	£	£	£	₹	£	£	£
7,68,17,000	5,121,100	2,075,400	7,196,500	8,38,01,000	5,586,700	2,250,000	7,836,700
2,25,97,000	1,506,500	86,000	1,592,500	2,08,01,000	1,386,700	28,800	1,415,500
9,94,14,000	6,627,600	2,161,400	8,789,000	10,46,02,000	6,973,400	2,278,800	9,252,200
...	...	...	...	..	...	...	...
25,00,000	166,700	...	166,700	2,00,00,000	1,333,300	..	1,333,300

C.—*Statement of Receipts and Disbursements of the*

	Accounts, 1910-1911.			Revised Estimate, 1911-1912.			Budget Estimate, 1912-13.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	79,706,616	975,857	80,682,473	80,383,600	1,064,300	81,447,900	78,561,900	744,500	79,306,400
Excess of Revenue over Expenditure charged to Revenue			3,936,287			2,750,000			1,511,600
Railway Irrigation and other Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways (net)	2,294,278	...	2,294,278	...	...	...	...	...	...
Outlay of Railway Companies—									
Repayments	...	1,966	1,966	...	2,000	2,000	...	2,100	2,100
Net			0			0			0
Raised and Deposited by Railway Companies—									
On account of Subscribed Capital	87,241	...	87,241	68,900	505,000	573,900	155,600	3,380,400	3,536,000
Net			87,241			28,900			1,965,600
Permanent Debt Incurred—									
Sterling Debt—									
India Stock	...	1,224,820		...	2,855,100		...	3,000,000	
India Bonds	...	4,000,000		...	...		...	...	
Indian Midland Railway Debentures	...	3,654,100		...	...		...	...	
Rupee Debt—									
Rupee Loan	1,000,000	...		1,333,300	...		2,000,000	...	
Total	1,000,000	8,878,920	9,878,920	1,333,300	2,855,100	4,188,400	2,000,000	3,000,000	5,000,000
Net			8,896,956			1,825,900			2,931,100
Temporary Debt Incurred—									
Temporary Loans	...	5,000,000	5,000,000	...	4,500,000	4,500,000	...	...	...
Net			0			0			0
Unfunded Debt—									
Deposits of Service Funds	92,421	...		90,100	...		90,300	...	
Savings Bank Deposits	5,637,027	...		7,000,200	...		7,077,700	...	
Total	5,729,448	...	5,729,448	7,090,300	...	7,090,300	7,168,000	...	7,168,000
Net			1,164,908			1,760,400			1,318,700
Deposits and Advances—									
Balances of Provincial Allotments	1,961,202	...		609,500	...		...	...	
Appropriation for Reduction or Avoidance of Debt	601,095	...		457,700	...		359,900	...	
Deposits of Local Funds—									
District Funds	3,532,295	...		3,690,100	...		3,653,200	...	
Other Funds	1,202,770	...		1,183,000	...		1,187,200	...	
Deposits of Sinking Funds	26,489	...		27,500	...		42,100	...	
Gold Standard Reserve	...	11,634,402 (a)		...	9,480,500		...	11,245,700	
Currency Reserve—									
Council Bills appropriated	...	2,545,000		...	1,988,300		...	...	
Gold transferred	2,545,000	...		1,988,300	...		...	...	
Departmental and Judicial Deposits	23,373,792	...		24,608,400	...		24,278,600	...	
Advances	5,115,027	101,406		4,617,400	40,600		4,215,100	1,000	
Suspense Accounts	129,351	...		20,100	...		35,300	...	
Exchange on Remittance Accounts, net	20,903	...		17,800	...		...	...	
Miscellaneous	99,439	...		3,300	...		11,900	...	
Total	38,607,363	14,280,808	52,888,171	37,223,100	11,509,400	48,732,500	33,783,300	11,246,700	45,030,000
Net			1,550,367			1,731,100			0
Carried over	127,424,946	29,137,551		126,099,200	20,435,800		121,668,800	18,373,700	

(a) Includes £600,000 remitted from India by means of Council Bills.

Government of India, in India and in England.

	Accounts, 1910-1911.			Revised Estimate, 1911-1912.			Budget Estimate, 1912-1913.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	55,203,421	19,581,563	74,784,984	58,166,200	19,922,200	78,088,400	59,250,000	20,042,900	79,292,900
Add—Provincial Surpluses transferred to "Deposits"	1,961,202	...	1,961,202	609,500	...	609,500	...	...	...
Deduct—Provincial Deficits charged to "Deposits"	...	...	...	...	...	...	*1,498,100*	...	*1,498,100*
TOTAL	57,164,623	19,581,563	76,746,186	58,775,700	19,922,200	78,697,900	57,751,900	20,042,900	77,794,800
Railway, Irrigation and other Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	1,142,472	61,416	1,203,888	1,506,500	86,000	1,592,500	1,386,700	28,800	1,415,500
OUTLAY ON STATE RAILWAYS	7,054,441	1,860,764	8,915,205	5,121,100	2,075,400	7,196,500	5,586,700	2,250,000	7,836,700
INITIAL OUTLAY ON NEW CAPITAL AT DELHI	...	...	..	166,700	...	166,700	1,333,300	...	1,333,300
CAPITAL CHARGE INVOLVED IN REDEMPTION OF LIABILITIES—									
Indian Midland Railway	...	5,904,100	5,904,100	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital outlay	—2,495,997	1,122,000	—1,373,997	220,600	770,000	990,600	341,600	980,000	1,321,600
NET			—1,375,963			988,600			1,319,500
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for discharge of Debentures	...	...	...	...	545,000	545,000	...	1,570,400	1,570,400
NET			0			0			0
Permanent Debt Discharged—									
Sterling Debt—									
Madras Railway Debentures	...	542,300		...	868,700		...	249,700	
Indian Midland Do.	...	...		...	907,500		...	1,227,900	
B. B. C. I. Railway Debentures	...	275,600		...	...		...	...	
India Bonds	...	...		...	500,000		...	500,000	
Rupee Debt—									
4½ p. c. Loans	27	...		...	...		...	...	
4 p. c. Loans	81,640	...		81,000	...		81,000	...	
3½ p. c. Loans	353	...		300	...		600	...	
3 p. c. Loan	81,847	...		4,900	...		9,600	...	
Provincial Debentures	197	...		100	...		100	...	
TOTAL	164,064	817,900	981,964	86,300	2,276,200	2,362,500	91,300	1,977,600	2,068,900
NET			0			0			0
Temporary Debt Discharged—									
Temporary Loans	...	6,000,000	6,000,000	...	5,000,000	5,000,000	...	4,500,000	4,500,000
NET			1,000,000			500,000			4,500,000
Unfunded Debt—									
Special Loans	219			200	...		200	...	
Deposits of Service Funds	91,895	...		97,700	...		96,300	...	
Savings Bank Deposits	4,472,426	...		5,232,000	...		5,752,800	...	
TOTAL	4,564,540	...	4,564,540	5,329,900	...	5,329,900	5,849,300	...	5,849,300
NET			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	...	...		...	...		1,498,100	...	
Deposits of Local Funds—									
District Funds	3,454,909	...		3,553,400	...		3,579,100	...	
Other Funds	1,156,540	...		1,113,900	...		1,142,100	...	
Gold Standard Reserve	...	13,167,572		...	9,932,600		...	11,216,400	
Currency Reserve—									
Council Bills appropriated	2,545,000	...		1,988,300	...		..	...	
Gold transferred	...	2,545,000		...	655,000		...	...	
Sums invested	...	...		...	1,333,300		...	..	
Departmental and Judicial Deposits	23,153,126	...		23,927,600	...		24,435,900	...	
Advances	5,130,026	1,663		4,290,600	90,600		4,238,700	1,000	
Suspense Accounts	166,448	...		116,100	...		.	...	
Miscellaneous	17,491	29		...	..		...	...	
TOTAL	35,623,540	15,714,264	51,337,804	34,989,900	12,011,500	47,001,400	34,893,900	11,217,400	46,111,300
NET			0			0			1,081,300
Carried over	103,217,683	51,062,007		106,196,700	42,686,300		107,234,700	42,567,100	

C.—*Statement of Receipts and Disbursements of the*

	Accounts, 1910-1911.			Revised Estimate, 1911-1912.			Budget Estimate, 1912-1913.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . .	127,424,946	29,137,551		126,099,200	20,435,800		121,668,800	18,373,700	
Loans and Advances by Imperial Government .	255,612	...	255,612	266,800	...	266,800	178,600	...	178,600
Net			174,074			175,400			0
Loans and Advances by Provincial Governments	1,305,983	...	1,305,983	951,500	...	951,500	902,500	...	902,500
Net			576,135			0			0
Loans to Local Boards for Railway Construction .	6,328	...	6,328	6,600	...	6,600	6,900	...	6,900
Net .			6,328			6,600			6,900
Remittances—									
Inland Money Orders .	30,667,886	...		32,040,000	...		33,333,300	...	
Other Local Remittances	27,494	...		572,500	...		460,600	...	
Other Departmental Accounts . .	87,847	...		...	...		...	...	
Net Receipts by Civil Treasuries from—									
Post Office . .	1,311,808	...		2,178,600	...		1,582,900	...	
Railways . .	11,529,885	...		12,270,300	...		11,457,100	...	
Net Receipts from Civil Treasuries by—									
Telegraph . .	618,309	...		744,500	...		770,500	...	
Marine . . .	309,798	...		297,500	...		269,800	...	
Military Works .	726,633	...		709,400	...		714,300	...	
Military . . .	13,172,289	...		13,302,500	...		12,773,100	...	
Remittance Account between England and India—									
Railway transactions .	2,147,822	2,300,702		2,459,900	5,700		3,288,000	5,300	
Other „ .	641,404	948,924		973,800	1,257,500		853,100	1,008,000	
Total .	61,241,175	3,249,626	64,490,801	65,549,000	1,263,200	66,812,200	65,502,700	1,013,300	66,516,000
Net .			203,370			835,100			3,400
Secretary of State's Bills drawn . . .	...	(a) 23,638,303	23,638,303	...	(b) 24,500,000	24,500,000	...	15,500,000	15,500,000
Total Receipts .	190,234,044	56,025,480		192,873,100	46,199,000		188,259,500	34,887,000	
Opening Balance .	12,295,428	15,809,618		13,566,922	18,174,349		11,807,022	18,543,949	
GRAND TOTAL .	202,529,472	71,835,098		206,440,022	64,373,349		200,066,522	53,430,949	

(*a*) In addition to £600,000 and £2,545,000 respectively for remittance of the Gold Standard and the Curency Reserves.
(*b*) In addition to £1,958,300 for remittance of the Currency Reserve.

N. G. BASU,
Offg. Deputy Comptroller General.

Fort William,
Finance Department,
March 1, 1912.

Government of India, in India and in England—continued.

	Accounts, 1910-1911.			Revised Estimate, 1911-1912.			Budget Estimate, 1912-1913.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	103,217,683	51,062,007		106,196,700	42,686,300		107,234,700	42,567,100	
Loans and Advances by Imperial Government .	81,538	...	81,538	91,400	...	91,400	210,700	...	210,700
Net .			0			0			32,100
Loans and Advances by Provincial Governments	729,848	...	729,848	1,279,700	...	1,279,700	1,142,500	...	1,142,500
Net .			0			328,200			240,000
Remittances—									
Inland Money Orders .	30,643,141	...		32,000,000	...		33,333,300	...	
Other Local Remittances	...	...		439,200	...		460,000	...	
Other Departmental Accounts . .	63,281	...		...	...		...	...	
Net payments into Civil Treasuries by—									
Post Office . .	1,312,876	...		2,045,300	...		1,582,900	...	
Railways . .	11,282,356	...		11,936,900	...		11,457,100	...	
Net Issues from Civil Treasuries to—									
Telegraph . .	616,068	...		744,500	...		770,500	...	
Marine . . .	310,245	...		297,500	...		269,800	...	
Military Works .	712,378	...		709,400	...		714,300	...	
Military . . .	13,167,554	...		13,235,800	...		12,773,100	...	
Remittance Account between England and India—									
Railway transactions .	2,295,186	2,153,643		5,700	2,459,900		5,300	3,288,000	
Other ,, .	1,285,604	445,099		1,419,700	683,200		1,256,300	601,400	
Total .	61,688,689	2,598,742	64,287,431	62,834,000	3,143,100	65,977,100	62,623,200	3,889,400	66,512,600
Net .			0			0			0
Secretary of State's Bills paid	(a) 23,244,792	...	23,244,792	(b) 24,231,200	...	24,231,200	15,769,000	...	15,769,000
Total Disbursements .	188,962,550	53,660,749		194,633,000	45,829,400		186,980,100	46,456,500	
Closing Balance .	13,566,922	18,174,349		11,807,022	18,543,949		13,086,422	6,974,449	
GRAND TOTAL .	202,529,472	71,835,098		206,440,022	64,373,349		200,066,522	53,430,949	

(a) In addition to £600,000 and £2,545,000 respectively for remittance of the Gold Standard and the Currency Reserves.
(b) In addition to £1,988,300 for remittance of the Currency Reserve.

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

D.—*Account of Provincial Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.*

Provincial Balances.

	Central Provinces and Berar.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	Madras.	Bombay.	TOTAL.	Equivalent in £ at ₹15 = £1.
	₹	₹	₹	₹	₹	₹	₹	₹	₹	£
Accounts, 1910-1911.										
Balance at end of 1909-1910 . .	24,91,658	35,07,768	17,50,000	91,17,653	50,54,581	27,75,857	1,32,73,719	87,20,891	4,66,92,127	3,112,808
Added in 1910-1911 .	2,80,556	19,00,297	55,39,698	39,60,612	36,35,904	41,99,121	23,16,383	75,85,460	2,94,18,031	1,961,202
Spent in 1910-1911 .			...	...	...	...	...	...	...	...
Balance at end of 1910-1911 . .	27,72,214	54,08,065	72,89,698	1,30,78,265	86,90,485	69,74,978	1,55,90,102	1,63,06,351	7,61,10,158	5,074,010
Revised Estimate, 1911-1912.										
Balance at end of 1910-1911 . .	27,72,214	54,08,065	72,89,698	1,30,78,265	86,90,485	69,74,978	1,55,90,102	1,63,06,351	7,61,10,158	5,074,010
Added in 1911-1912 .	10,73,000	...	3,51,000	1,31,64,000	...	13,29,000	31,52,000	...	1,90,69,000	1,271,200
Spent in 1911-1912 .	...	15,45,000	...	...	1,51,000	...	...	82,30,000	99,26,000	661,700
Balance at end of 1911-1912 . .	38,45,214	38,63,065	76,40,698	2,62,42,265	85,39,485	83,03,978	1,87,42,102	80,76,351	8,52,53,158	5,683,510
Budget Estimate, 1912-1913.			Assam.	New Bengal.	Behar.					
Balance at end of 1911-1912 . .	38,45,214	38,63,065	41,96,000	1,66,24,963	1,30,62,000	85,39,485	83,03,978	1,87,42 102	80,76,351	8,52,53,158	5,683,510
Added in 1912-1913 .	...	...	...	...	...	...	...	...	...	...	...
Spent in 1912-1913 .	4,60,000	33,14,000	13,000	36,67,000	15,24,000	20,09,000	29,24,000	65,01,000	20,59,000	2,24,71,000	1,498,100
Balance at end of 1912-1913 . .	33,85,214	5,49,065	41,83,000	1,29,57,963	1,15,38,000	65,30,485	53,79,978	1,22,41,102	60,17,351	6,27,82,158	4,185,410

N. G. BASU,
Offg. Deputy Comptroller General.

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 1, 1912.

E.—*Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.*

REVENUE AND EXPENDITURE.		Accounts, 1910-1911. Revenue.	Expenditure. Refunds and Assignments.	Expenditure. Cost of Collection and Production.	Net Receipts.	Net Charges.	Revised Estimate, 1911-1912. Net Receipts.	Net Charges.	Budget Estimate, 1912-1913 Net Receipts.	Net Charges.
	Revenue Heads.	£	£	£	£	£	£	£	£	£
Principal Heads of Revenue.	Land Revenue (excluding that due to Irrigation)	20,877,521	765,360	3,662,426	16,449,735		15,813,300		16,066,100	
	Opium	7,521,962	3,774	1,240,657	6,271,531		5,114,400		2,945,100	
	Salt	3,175,950	259,184	377,076	2,539,690		2,731,000		2,749,300	
	Stamps	4,811,691	54,181	123,820	4,633,690		4,548,700		4,674,000	
	Excise	7,030,314	72,934	405,994	6,551,386		7,110,400		7,335,900	
	Provincial Rates	554,378	1,518	4,624	548,236		541,700		4[illegible],000	
	Customs	6,619,009	122,007	239,506	6,257,436		6,132,000		6,008,900	
	Assessed Taxes	1,593,301	9,618	26,991	1,556,692		1,601,200		1,600,400	
	Forest	1,829,557	6,570	1,033,201	789,726		735,300		782,100	
	Registration	425,855	1,210	240,699	183,946		183,600		190,000	
	Tributes	607,447	198,753	...	408,694		396,300		402,200	
	TOTAL	55,046,985	1,495,109	7,361,114	46,190,762		45,002,500		43,930,700	
	Total deduction from Revenue		8,856,223							
	Expenditure Heads.									
Debt Services	Interest	1,465,439	2,168,902			703,463		631,000		817,900
Commercial Services.	Post Office	1,996,922	1,950,892		46,030		85,100		169,700	
	Telegraph	997,159	976,832		20,327			50,500		29,400
	Railways	13,881,461	11,863,965		2,017,496		2,9[illegible],300		2,021,000	
	Irrigation	3,694,521	3,110,134		584,387		810,900		612,800	
Other Public Works	Civil works, &c.	293,833	4,537,462			4,243,629		5,029,700		5,314,100
Mint	Mint	196,110	92,369		103,741		225,400		104,300	
Civil Departments	Civil Departments	1,211,123	14,931,367			13,720,244		15,251,600		16,214,300
Miscellaneous Civil Services.	Superannuation	195,489	3,145,889			2,950,400		2,998,000		3,045,600
	Exchange	70,084	...		71,084		105,700			
	Miscellaneous	314,662	319,392			4,730		58,000		79,900
	Other heads	97,650	1,345,486			1,247,830		1,249,300		1,230,200
Famine Relief and Insurance	Famine Relief	...	2,336			2,336		95,700		140,100
	Other heads	...	997,664			997,604		904,300		859,900
Military Services	Army—Effective	948,154	15,946,123			14,997,969		15,311,300		14,812,400
	Army—Non-effective	110,495	3,185,657			3,075,162		3,083,000		3,117,400
	Marine	91,787	445,867			354,080		376,000		356,000
	Military works	70,593	900,437			829,844		813,400		788,500
	Special Defences (1902)	...	7,987			7,987		7,000		20,200
	TOTAL	80,682,473	74,784,984		5,897,489		3,359,500		13,500	
Provincial Adjustment	Surplus		1,961,202			1,961,202		609,500		...
	Deficit	...			...		...		1,498,100	
	TOTAL	80,682,473	76,746,186		3,936,287		2,750,000		1,511,600	
	Surplus				3,936,287		2,750,000		1,511,600	
Capital Account	Railway Irrigation and other Capital not charged to Revenue :—									
	Capital raised through Companies towards outlay on State Railways (net)				2,294,278					
	Capital raised and deposited by Railway Companies (net)				87,241		28,900		1,905,600	
	Outlay on Irrigation Works					1,203,888		1,502,500		1,415,500
	Outlay on State Railways					8,915,205		7,196,500		7,836,700
	Initial outlay on new Capital at Delhi							160,700		1,333,300
	Outlay of Railway Companies (net)					—1,375,963		988,000		1,319,500
	Capital involved in Redemption of Railway Liabilities					5,904,100				
Debt, Deposits, Advances, and Remittances.	Permanent Debt (net)				8,896,956		1,825,900		2,931,100	
	Temporary Debt (net)					1,000,000		500,000		4,500,000
	Unfunded Debt (net)				1,164,908		1,760,400		1,318,700	
	Loans and Advances by Imperial Government (net)				174,074		175,400			32,100
	Loans and Advances by Provincial Governments (net)				576,135			328,200		240,000
	Loans to Local Boards for Railway Construction (net)				6,328		6,000		6,900	
	Deposits and Advances (net)				1,550,367		1,731,100			1,081,300
	Remittances (net)				203,370		835,100		3,400	
	Secretary of State's Bills drawn (net)				23,638,303		24,500,000		15,500,000	
	Secretary of State's Bills paid (net)					23,244,792		24,231,200		15,769,000
					42,528,247	38,892,022	33,613,400	35,003,700	23,237,300	33,527,400
Cash Balance	Opening Balance (net)				28,105,046		31,741,271		30,350,971	
	Closing Balance (net)					31,741,271		30,350,971		20,060,871
	TOTAL				70,633,293	70,633,293	65,354,671	65,354,671	53,588,271	53,588,271

N. G. BASU,
Offg. Deputy Comptroller General.

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 1, 1912.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO 1909 (24 & 25 VICT., c. 67, 55 & 56 VICT., c. 14, AND 9 EDW. VII, c. 4).

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The Council met at Government House, Calcutta, on Thursday, the 7th March 1912.

PRESENT:

His Excellency BARON HARDINGE OF PENSHURST, P.C., G.C.B., G.C.M.G., G.C.V.O., G.M.S.I., G.M.I.E., *Viceroy and Governor General of India, presiding,*

and 57 Members, of whom 49 were Additional Members.

FINANCIAL STATEMENT.

FIRST STAGE.

The Hon'ble Sir Guy Fleetwood Wilson: "My Lord, I open the first stage of the discussion on the Financial Statement."

PROVINCIAL GRANT (UNITED PROVINCES).

The Hon'ble Pandit Madan Mohan Malaviya: "My Lord, I beg to move that this Council recommends to the Governor-General in Council that the special grant to the United Provinces be raised by a sum equivalent to one-eighth of the land-revenue raised in those Provinces.

"My Lord, the Council will remember that I raised this question last year also. I regret that I could not persuade the Council to accept my Resolution, but the demand which I made on behalf of my Province was and is a just one,

and I bring it forward in the earnest hope that the justice of it will yet be recognised by the Council and the Government.

"I went last year at some length into the history of what are called Provincial Settlements. I showed that these settlements were in the beginning based on no principle. The actual expenditure of the year which preceded the year in which the settlement was made was taken as showing the standard of expenditure which the Provinces required, and a settlement was made for five years on that basis. The result was that the Provinces which were spending most received the largest share, and those which were spending least got the smallest share of their revenues for provincial purposes. The United Provinces suffered for their virtue, as the Hon'ble Sir James Meston put it last year. How this came about the Hon'ble Mr. Gillan, our present Comptroller General, very clearly explained in the Financial Statement which he presented as Secretary to the Government of the United Provinces in 1909:

'It is not, I think, out of place to observe,' said Mr. Gillan,' it is indeed sufficiently well-known that this Province has undoubtedly suffered from the application of the principles on which previous settlements were conducted. We think it can be shown that in the early days for one reason or another the finances of these Provinces were administered much more strictly and economically than was the case in most other Provinces. But so long as the system of short-term settlements endured, the policy deliberately announced and consistently applied was to base each revision on the recent actuals of expenditure. To compare great things with small, the result is the same as if in fixing the contract grants of district officers the Government were to pay attention only to the actuals of recorded expenditure. In that case the Collector who spent the most would get the most, while it would be judged that a district where the expenditure was small had small requirements. Similarly this Province, because it began with little, has continued to receive little.'

"The settlements made during the last twenty years have tended to remove the inequalities between the different Provinces which inevitably arose under such a system. The Government of India have laid down certain general principles which underlie, or rather which should underlie, the financial settlements of the Government of India with a Local Government. I drew attention to these principles last year. One of these is that 'so far as possible, the same share of the chief sources of revenue shall be given to each Province to ensure a reasonable equality of treatment.' Following this principle the Government of India has allowed every Province of India except the United Provinces to retain half of its land-revenue for Provincial expenditure, taking the remaining half to itself. In the case of Burma, it has allowed five-eighths of the land-revenue to be so retained for Provincial expenditure. The Central Provinces, the Punjab, Madras and Bombay each get half the share of their land-revenue. The three new Provinces of re-united Bengal, Bihar and Assam have also each had half the share of their respective land-revenues allotted to them under the settlement recently made for them. But the principle of this equality of treatment has not been extended to the United Provinces. Only a $\frac{3}{8}$ths share of their land-revenue is allowed to them, and this has long been a matter of sore complaint with the United Provinces. When our present Lieutenant-Governor took charge of the Provinces, the first financial statement which came before him was rightly described as that of 'a deficit Province,' not because our revenues were small and unequal to our expenditure, but because the Government of India did not allow us to retain a sufficient portion of our revenues to meet our Provincial expenditure. Speaking on the subject in March 1907, Sir John Hewett said :—

'The matter of most absorbing interest, both on this occasion and on the occasion of recent discussions of the Financial Statement, has been the question of the time when we may expect to have a revised settlement sanctioned by the Government of India under terms upon which such a settlement will be determined in these Provinces. By the courtesy of the Hon'ble the Financial Member of the Governor General's Council I am able to say that it is in contemplation to take up during the coming year a revision of the settlement, and to place the United Provinces generally on terms similar to those of the most recent settlements which give the Local Governments a half share in the divided revenue. I have also received Mr. Baker's assurance that when the revision is made the Lieutenant-Governor shall have ample opportunity of expressing his opinion on the details, both by written communications and also at personal interviews. Upon this subject there is nothing more to be said at the present time except that I think that we may be sanguine of getting good terms."

"To our great regret and disappointment, when the new settlement was announced, these hopes were not realised. Speaking on the 3rd April 1909, Sir John Hewett said:—

'Mr. Gillan has referred in some detail to the new Provincial settlement, and it is not necessary for me to follow him. I cannot feel very confident that the settlement will prove a lasting one. We are grateful to the Government of India for the increased share of the revenues collected in the Province given to us by them, and especially for the guarantee of a minimum Provincial share of land-revenue of R240 lakhs; but the feeling is hardly unnatural that we are entitled to a share of the large sum of land-revenue paid by this Province more approximate to what other more fortunate Local Governments get than three-eighths which we receive. And in the matter of the standards of expenditure fixed we are undoubtedly suffering now from the niggardly retrenchments of Provincial expenditure in the somewhat distant past. The policy then followed prevented the standard of expenditure under various heads from ever reaching the figure demanded in the interests of the Province. I need not do more than mention the standards of educational and judicial expenditure in order to illustrate my meaning.'

"The complaint has been repeated year after year by members of the Legislative Council of the United Provinces, and their representatives here, and also by the Head of the Local Government, that the share of revenue allotted to us is not sufficient to meet expenditure. I will quote only from official statements. Speaking in April 1910 our Lieutenant-Governor, Sir John Hewett, repeated the complaint in the following words:—

'The Hon'ble Mr. Gillan has more than once explained to the Council how little elasticity there is in our receipts, and demonstrated that we can hardly hope to meet from the expansion of our revenues which we are entitled to anticipate in the near future more than the normal increase of expenditure which must occur from year to year. It is quite evident from the experience which we have now gained of the present financial settlement that it will be impossible to work it so as to effect the reforms which are necessary in the different branches of administration in the Province. We are the second Province in the Indian Empire—I may say that since the reconstitution of Bengal we are the first—in population, and we pay the largest amount of land-revenue to the Imperial Government. Even if we were given a half share of the land-revenue, we should still stand below other Provinces in this respect. The Hon'ble Sir Guy Fleetwood Wilson has impressed on Local Governments the need for sobriety in the administration of their finances. I do not think that I am inclined to be recklessly extravagant in the matter of the expenditure of Government money, though I do ardently desire to elevate the people in every way which seems possible, and specially to give them greater opportunities for education than they enjoy now, and to improve the healthiness of their daily life.'

"My Lord, we are thankful for the doles that the Government of India has given us during the last two years, for the non-recurring grants for education and sanitation made last year, and for the recurring grant of 7 lakhs for education and the non-recurring grant of 9 lakhs for sanitation and agricultural improvement made this year. These, however, are grants which have been made to us along with grants made to all other Provinces. They give us but a small fraction of what we require, and do not raise the standard of our expenditure so as to bring us nearer in comparison with that prevailing in other Provinces. This cannot be done until a larger share of our land-revenue is assigned to us. Our contributions in land-revenue justify our request, The contributions in land-revenue which are expected for the next year from the different Provinces are: the Central Provinces 187 lakhs, Burma 432 lakhs, Assam 76 lakhs, Bengal 269 lakhs, Behar 151 lakhs, the Punjab 352 lakhs, Madras 683 lakhs, Bombay 526 lakhs, and the United Provinces 672 lakhs. I have left out the thousands. Now every one of these other Provinces except Burma, which gets a five-eighths share, receives a half share of the land-revenue. It is the United Provinces only which make the largest contribution of all (except Madras which occasionally comes up to our standard), which receives a three-eighths share only. We have contributed enormous sums to the surpluses of the Government of India in the past, and we are contributing very largely to-day. Our land-revenue contributions have been the largest for a number of years, and I submit that this circumstance strengthens and supports our request; for, if our contributions had been poor, it might have been said that we ought not to get a half share as we contributed a small amount altogether. But the facts are just the other way. Nor is it, my Lord, that we are receiving larger grants under

heads other than the land-revenue. If we were receiving larger grants under other heads so as to raise the total amount given to us as high as what other Provinces enjoy, our complaint would lose some of its force ; but that is not so. In replying to my motion on this very subject last year the Hon'ble Mr. Meston said :—

'The fact that one Province gets half of the land-revenue and another gets five-eighths, while the United Provinces has only three-eighths, is really irrelevant. The great point is to get such a share of the growing revenue as will be equal to the normal requirements of the Province, and to see that the ratio of growth in that share of revenue is roughly equivalent to the ratio of growth in its expenditure. Whether it gets that growth of revenue from its land-revenue or from excise or from stamps, or from any permutation and combination of them, is not important. What is really required is that we should give the Province a sufficient share of its own revenues to enable it to meet its current requirements, calculated with a reasonable margin.'

" So far, Sir, I agreed with my Hon'ble friend, but when he went on to say that the United Provinces have got this, I joined issue with him. I showed last year by a comparison of the total amounts allowed to every Province—to the eight major provinces—that even in the aggregate we receive a smaller percentage of our revenues than is allowed to any other Province. I showed that the Central Provinces were allowed to retain 71·52 per cent. of the total revenues contributed by them for Provincial expenditure; Burma was allowed to retain 68·03 per cent. ; Eastern Bengal and Assam was allowed to retain 68·06; Bengal was allowed to retain 62·49 per cent.; Bombay was allowed to retain 69·61 per cent. ; the Punjab was allowed to retain 55·33 per cent. ; Madras was allowed to retain 52·57 per cent. ; but the United Provinces were allowed to retain only 52·16 per cent. of the total revenues contributed by them, for Provincial expenditure. So that, my Lord, it is not that only a smaller share of the land-revenue is allotted to us than is allotted to every other Province, but in the sum total also of what is allotted to us, we stand on the lowest rung of the ladder in comparison with other Provinces.

"This much, my Lord, as regards our contributions and the total amount left to us to spend. I will next draw attention to our needs. They are multifarious and they are very very pressing. The Hon'ble Sir James Meston said last year that we received a sufficient share of our revenues to enable us to meet our current requirements, calculated with a reasonable margin. I endeavoured to show that it was not so. And if my friend still holds that opinion, I regret that I cannot agree with him in that respect. Nor does the Government of the United Provinces or its high officials. In his speech from which I last quoted, after showing that the present settlement is inadequate and unsatisfactory, Sir John Hewett emphatically stated :—

'I am satisfied that it is absolutely necessary, if the people of these Provinces are to be treated as they deserve to be treated and as the people of other Provinces are treated, for the Local Government to be given a larger share of the revenue which accrues within the United Provinces. I am convinced that this will be necessary in order to meet the clamant and unanswerable demand for expenditure on such matters as education, particularly on primary, female and industrial education, on sanitation and medical relief, on the improvement of judicial arrangements, and on the revision of the terms of service of ministerial establishments.'

" Year after year the Director of Public Instruction has been drawing attention to the need for a much larger expenditure on education in the United Provinces. Our late Director, Mr. Lewis, showed that we required 80 lakhs a year to raise us to the standard of expenditure on education that prevailed in Bombay a few years ago. Mr. Lewis said : 'There is a demand in perhaps all districts for more schools, and more schools ; but they cannot be opened because the funds are exhausted. When a people cry out for education and cannot get it, we may well, with Carlyle, count it a tragedy.' Our present Director, the Hon'ble Mr. de la Fosse, has been urging our claims with equal strength and emphasis Speaking at a meeting of the Legislative Council of the United Provinces last year, and after referring to the special grant of 15 lakhs which the Government had been pleased to make to us last year, Mr. de la Fosse said —

'This special grant is not for recurring expenditure, so that it is not available for increasing facilities for education in so far a these depend upon permanent expenditure for

maintenance of schools. But we are very grateful all the same for this most welcome windfall. It will enable a good deal to be done for the improvement of accommodation and equipment in all classes of schools and colleges, and the needs in all alike are of a very pressing nature. The recurring increase of 3·71 includes, as explained by Mr. Burn, Rs. 2,94,000 which is really only a financial adjustment between District Board and Provincial accounts. I mention this because if misunderstood it might give rise to bitter disappointment.'

" After having thus explained that we had really received no increase for recurring expenditure, the Hon'ble the Director of Public Instruction went on to show how sadly urgent was this need for larger grants. He said :

'The Boards are at their wits' end for money with which to meet urgent demands for providing more facilties for primary vernacular education, and some of them are apt to resort to desperate means to find their funds. It was my painful duty in my Annual Report on Public Instruction to call attention to a decrease in the number of primary schools and scholars; and though there may be, and I believe, are, deep-seated causes of a social and economic nature operating to retard the progress of vernacular education among large masses of the people, yet I have no doubt that there are enormous numbers that would come to school willingly enough if opportunities were afforded them. The tragic disappearance of schools in the Benares Division, repeated in a lesser degree in other divisions, paradoxical as it may seem, if rightly viewed, gives no cause for despondency. There was no unwillingness to come to school, but on the contrary scholars had to be turned away. The situation may be summed up in a line, "the hungry sheep look up and are not fed."'

" This, my Lord, is the position with regard to education in my Provinces. I need not repeat what I said regarding the needs of sanitation last year. They are equally pressing. I am thankful for the recurring grant of 7 lakhs made this year by the Government of India to promote truly popular education. I also feel thankful for the grant of 9 lakhs which has been made for sanitation and for agricultural improvement. But I submit, my Lord, that these provide only a fraction of what the requirements of the Province demand ; and I submit that the standard of our Provincial expenditure cannot be raised to a healthy level unless the Province is allowed to retain the same share of the land-revenue which is allowed to other Provinces. In speaking of Provincial finance in his Financial Statement, the Hon'ble the Finance Member was pleased, after referring to the case of Burma, to say :

'Other Provinces have all fared extremely well, and I have every hope that the permanence of their settlements will strengthen the spirit of economy and self-reliance in the Provincial administrations, while leaving them ample margin for all legitimate expansion.'

" From all that I have said before, it must be evident that these remarks cannot in truth apply to the United Provinces. We have not fared at all well. And we have not only no margin for all legitimate expansion, but not enough to meet the most insistent and reasonable demands. I have sufficiently drawn attention to the complaints which have been repeated on this score in the past. Even last year the Financial Secretary to the Government of the United Provinces deplored the fact that he had no money with which to meet the various demands which had been urged upon the Government, unless the hope which had been expressed was realised that the Government of India might be moved to give a considerably larger share under the land revenue heads than is given at present.

" Such, my Lord, is the position of the United Provinces. I submit our population, which is now the largest in any Province in the country, justifies our request that we should be allowed to retain at least 60 per cent. of our revenues for expenditure in the Province, that being the average percentage of the revenues allowed to most of the other Provinces. Our needs also justify that demand ; and last, but not least, our contributions justify it. We press our claim upon the consideration of the Government when it is in a position easily to accede to it. The Hon'ble the Finance Member is rejoicing over the large surplus which 'abounding good fortune' has placed in the hands of the Government of India. I rejoice with him. But I beg of him and the Government to recognise

that a good portion of that surplus is made up of the sum which has been raised in the United Provinces and which on the principles laid down by the Government of India in the case of every other Province rightly belongs to these Provinces.

"In the Budget Statement to which we listened with so much interest the other day the Hon'ble the Finance Member said :—

'The chief advance, however, is under Land-revenue, where the return of normal conditions in the areas that suffered fr m the irregularities of the last monsoon will, we trust, be the main contributor to an increase of which the Imperial share should be something in excess of £400,000.'

"Further on, he said :

'There is thus an addition of £1¾ millions to the Imperial share of the land-revenue over and above the £400,000 which comes to us from improved collections.'

"Now, my Lord, as I have said before, these expanding revenues and these improved collections are made up in no small measure by the contributions of the United Provinces, which are the largest in the whole country, and it is nothing but fair that before the Government of India begin to divide and distribute all over the country the surpluses which are swelled by these contributions, a portion of the money which is necessary to give to the United Provinces, the share of their revenues to which they are entitled on the principle laid down by the Government and applied in the case of every other Province, should be set apart for them. A general distribution should be made among other Provinces only of what should be available after such adjustment. I hope, my Lord, the justice of this claim will commend itself to the Government and that the Resolution which I have the honour to move will be accepted."

The Hon'ble Nawab Abdul Majid : "My Lord, it is with great pleasure that I support the Resolution that has been brought forward by the Hon'ble Pandit Madan Mohan Malaviya. Last year, when this question was before this Council, my Hon'ble friend had demonstrated with much ability and much force of reasoning that it was absolutely necessary that the United Provinces should be on the same footing of equality as other Provinces are. My Lord, this question was also brought forward at the last Budget meeting of our Provincial Council. In that Council there was not a single non-official Member at that time who did not feel that this Province was not well treated. Every non-official Member brought forward in their speeches this question, and they urged upon His Honour the Lieutenant-Governor that the matter should be brought to the notice of the Imperial Government as to why this unfair treatment was accorded to the United Provinces. It cannot be denied that the United Provinces contribute a substantial sum to the Imperial Exchequer; at the same time it cannot be denied that the requirements of the United Provinces are not less than the requirements of other Provinces. Well, if this is so, why is it that they should not get the same proportion of revenue as is given to the other Provinces? My Lord, with these words I support this Resolution."

The Hon'ble Mr. Sinha : "My Lord, I have very great pleasure in supporting the Resolution moved by my friend the Hon'ble Pandit Madan Mohan Malaviya, who has made out an exceptionally strong case for better treatment being accorded to the United Provinces. I think, in this matter, the people in the United Provinces have a very just grievance; for whereas the other Provinces receive half share of the land-revenue, they only receive three-eighths. I shall be very glad, therefore, if the Government see their way to accepting this Resolution."

The Hon'ble Sir Guy Fleetwood Wilson : "My Lord, I quite appreciate the motive which has weighed with the Hon'ble Mover in throwing his Resolution into the particular form that he has adopted. He regards it as, I will not say a slight, but certainly an unfortunate distinction that his

Province—the Province which he and the Hon'ble Nawab Abdul Majid so patriotically and ably represent in this Council—should receive a share of the great Land-revenue head which is less than that assigned to the other Provinces of India. With that sentiment I have entire sympathy; and if the distinction in itself implied in reality any definite detriment to the United Provinces, I should not be backward in acceding to his earnest desire for its rectification. The Hon'ble gentleman himself, however, has said enough to show that he fully realises that the mere grant to the Province of a full half share of the land-revenue receipts would not, under our present settlement system, meet his wishes. He recognises that if we increased the Provincial share of the land revenue, we should only have to make a corresponding reduction under Stamps or Excise or some of the other leading heads of receipts. The net result would be no real improvement on the present position. The Province would have the same assignment of growing revenues at its command, only it would be derived in a larger measure from land-revenue, and in a minor degree from other divided heads. In fact it is not impossible that the Province might be slightly worse off in the long run, if, for example, the growth of the land-revenue should turn out to be less rapid than that of the other classes of receipts which the Province shares with the Imperial exchequer.

"What the Hon'ble Pandit is aiming at, however, is something more than the mere rectification of a sentimental grievance. He has pointed out in eloquent language and with wealth of detail the needs of his Province. He has told us with what advantage it could absorb a much larger volume of money for all sorts of benevolent purposes; and he has pictured the step-motherly attitude which the Government of India has shown towards the United Provinces in the past. What he really wants therefore is that the Province should get a full half of the land-revenue receipts without giving up any share of what it already derives from the other heads of revenue. This would mean, on the budget figures for next year, an additional Imperial assignment of no less than 82 lakhs to the Local Government. I regret that I am obliged to oppose this proposition; and I do so out of no want of sympathy with the Hon'ble Member's enthusiasm for the development and well-being of his own Province, but simply on three broad grounds of principle, which seem to me incontrovertible.

"In the first place, I could not possibly accede to any proposal which aims at effecting theoretical equality between the spending powers of the different Provinces. I do not contest the point, which the Hon'ble mover has argued with much force and moderation, that the United Provinces contribute a very large ratio of their revenues to the general exchequer. I believe that by the ordinary statistical tests the United Provinces and Madras are shown to contribute a larger ratio than the other Provinces of India. Nor am I prepared to deny that this position may be in some measure the result of the economical working of the Local Government in years gone by. But many years have passed, and a good many settlements have been framed and revised, since the causes of this inequality cease to operate. We have to take things as we find them. We have revised the United Provinces' settlement on several occasions since the time of which the Hon'ble Pandit is thinking, and we have always done so in the direction of increased liberality. We have never attempted to regulate the spending powers of any one Province with relation to those of its neighbours, and we cannot accept any such principle of action now. I am sure that the Council will see that it would be thoroughly impracticable, at this stage of our financial development, to attempt to throw all the Provinces into one mould, to level up the expenditure on education in one, to level down the expenditure on general administration in another, and so forth. Anything of this sort is clearly impossible. In some cases it would mean a complete stoppage of business; and in others it would mean flooding a Local Government with money which for years to come it could not profitably utilise. The financial position of each Province has been built up on its own lines; and it

would be the worst of folly to pull down the erections now and to attempt to reconstruct them on a uniform plan.

"The second of my objections follows as a sequel to the first. The steady development and the growing elasticity of Provincial finance have led us steadily to the important reform which I announced a year ago, namely, the creation of permanent financial settlement with all the Provinces. The Hon'ble Member's proposal would mean a complete recasting of the United Provinces' settlement before it is a year old. To this I could not for a moment consent. We had the strongest of reasons for making the arrangements which now obtain, and for insisting on their permanent character. We did what we did in the interests both of the Provinces themselves and of the general finances of India. Any weakness or change of purpose would open the door to financial chaos, and point the way to the bankruptcy of India. I regret that we must definitely reject any proposal that would have the effect of undoing the work of our permanent financial settlements.

"In the third and last place, we are unable to meet my Hon'ble friend because we cannot afford the 82 lakhs which he asks for. His proposal would involve the permanent withdrawing of that large sum of money from our annual Imperial resources. It would to that extent interfere with the development of our schemes for the general improvement of Indian education, sanitation, and all the other beneficial services which the Hon'ble Member, I am sure, has as much at heart as I have. It would be robbing Peter to pay Paul; and I regret that the Government of India cannot agree to it."

The Hon'ble Pandit Madan Mohan Malaviya: "My Lord, it occurred to me that I should apply the very phrase which the Hon'ble the Finance Member has used at the end of his speech in describing the arrangement that prevails at present; but I feared that I might be deemed guilty of want of respect to the Government if I did so. But, my Lord, now that the Hon'ble the Finance Member has said that if the Government accepted my motion, and acted on it, it would be a case of robbing Peter to pay Paul, with great respect to the Hon'ble Member, I must say that the case is entirely otherwise. If the Government accepted my motion, they would cease to be guilty of withholding from the United Provinces what is fairly and rightly their share and distributing the money among other Provinces which have absolutely no right to it. My Lord, the Hon'ble the Finance Member says that what I really ask for is an addition of 82 lakhs to the amount which is given to the United Provinces. That is true; I have made no secret of it; I have tried to explain it as clearly as I could; I do not want that an increased grant should be made under the head Land-revenue and that there should be reductions under Forest, Excise and other heads. My complaint is that whether we look at the proportion of land-revenue allotted to us or whether we look at the sum total of revenues allotted to the United Provinces under all the divided heads, we do not receive our fair share of the revenues, and I have asked that the land-revenue should be increased both because it will place us on a level of equality with other Provinces in respect of the proportionate share of land-revenue allotted to us and the other Provinces, and because it will give us a higher percentage of the total of our revenues to be spent in the Province. I have shown, my Lord, that the average which is allotted to most of the other Provinces is about 60 per cent. of their revenues; and if 82 lakhs is added to the revenues which the United Provinces are allowed to retain at present, that would give us just nearly 61 per cent. of our total revenues to spend within the Province. My Lord, my request is not unreasonable, because if it is granted it will not give us a larger share of our revenues than what the other Provinces enjoy. The Hon'ble the Finance Member says that he cannot agree to bring about a theoretical equality between the various Provinces. I do not ask for theoretical equality. All that I ask for is that the principles which the Government of India have developed after years of careful consideration, should be applied in the case of the United Provinces, as they have been applied in the case of other Provinces; and I have shown that, if they are so applied, we are clearly entitled to have

one-eighth more of the land-revenue of the Province left to us for expenditure within the Province.

. "Then, my Lord, the Hon'ble Finance Member says that he has to take things as he finds them. Surely that is not so. If the Government of India were content to take things as they found them, I submit, my Lord, that there would be very little progress possible. The Government of India have during the last thirty years revised the Provincial settlements several times. Many mistakes have been rectified and many inequalities have been removed, as the Hon'ble Sir James Meston was good enough to point out last year. All that we ask for is that this very glaring mistake, this gross inequality of treatment under which the United Provinces get only 3-8ths of their land-revenue, while every othen Province gets 4-8ths, should be rectified by 1-8th more of our land-revenue being left to us by the Government of India.

"My Lord, another objection urged by the Hon'ble the Finance Member is that the acceptance of my proposal would disturb the steady development of Provincial finance, that there has been a permanent settlement, and that we ought not to disturb it within a year of its existence. I submit, my Lord, that it is a misnomer to call these Provincial settlements permanent. They are nothing of the kind. The Government of India have reserved to themselves ample powers to revise the settlements when they think it right to do so. And if it is shown, as I believe it has been shown, that the settlement which has been made leaves practically the United Provinces in a state of stagnation, if not of starvation, then I submit that the justice of the case demands that such a settlement, even though it may have been called permanent, should be revised. I have already referred to the opinion of Sir John Hewett. He has said on two occasions that he did not feel that the settlement was a satisfactory one or that it will prove a lasting one. He has plainly said that it is quite evident from the experience which we have gained of this financial settlement that it will be impossible to work it so as to effect the reforms which are necessary in the different branches of administration in the Province; that the pressing demands of education, sanitation and general administration cannot be met in the United Provinces until the Government of India agrees to revise the settlement and to place a larger sum of the revenue which accrues within the United Provinces at the disposal of the United Provinces Government.

"My Lord, the Hon'ble the Finance Member says that in considering my proposal two things are to be borne in mind—the interests of the United Provinces and the general interests of India as a whole. True; and all that I urge is that the interests of the United Provinces should not be sacrificed to secure an unfair advantage to the rest of India. With due deference to the Hon'ble Member, I submit that, in laying down the terms of our Provincial settlement, he has been less mindful of the interests of the United Provinces and more of the general interests of India than he should justly have been, and I invite him to remedy the injustice.

"My Lord, the third objection which the Hon'ble Member has urged against my proposal is that it will take away 82 lakhs from the permanent income of the Government of India. I submit that it will not deprive the Government of India of even a pice of its own true income. It will only save it from appropriating any further the 82 lakhs a year which it has been wrongly appropriating for some years past, and which, according to the principles laid down by the Government of India itself, rightly belongs to the Government of the United Provinces, and ought to be left in its exchequer. The Government of India recognise that a sufficiently large proportion of the revenues raised in a Province should be left to be spent within the Province for the benefit of the people. This principle is in conformity with the law of nature that the moisture which is drawn from an area ought to descend upon that area in refreshing showers to improve and fertilise it. Unfortunately for us of the United Provinces, a substantial portion of the moisture drawn from us is distributed on soils other than

our own, while we are dying for the want of it: the revenue drawn from the United Provinces is not allowed to return to fertilise and improve it in the same proportion in which the revenue of the other Provinces is allowed to return to them. I submit, my Lord, that when the Government have a large surplus in hand as at present, they should first allot what is fairly and justly due to every Province, and then distribute the balance that may be available among the different Provinces. My Lord, I do not desire for one moment that any other Province should suffer any loss. All that I ask for is that out of the revenues towards which the United Provinces have contributed along with other Provinces, the fair share of the United Provinces should first be set apart for them, and then there should be a general distribution. I hope the Government will yet be pleased to reconsider the matter and to rectify a position which, with all deference to the Hon'ble the Finance Member, I think he has not been able to defend."

The Resolution was put and rejected.

EXPENDITURE ON NEW DELHI.

The Hon'ble Mr. Gokhale: "My Lord, I beg to move that this Council recommends to the Governor General in Council that the amount of the loan to be raised during the next year be increased by one crore of rupees, so that the expenditure proposed to be incurred for building new Delhi in 1912-13 should be met entirely out of loan funds and not partly out of next year's estimated surplus.

"My Lord, I do not think it is necessary for me to occupy the time of the Council for many minutes in discussing this question, because the issue which the Resolution raises is a comparatively simple one and may be briefly stated. In the Government of India despatch of 25th August last, recommending the administrative changes, recently carried out, to the Secretary of State, the question of the cost of building new Delhi is thus dealt with :—

'The cost of the transfer to Delhi would be considerable. We cannot conceive, however, that a larger sum than 4 millions sterling would be necessary, and within that figure probably could be found the three years' interest on capital which would have to be paid till the necessary works and buildings were completed. We might find it necessary to issue a "City of Delhi" gold loan at 3½ per cent. guaranteed by the Government of India, the interest, or the larger part of the interest, on this loan being eventually obtainable from rents and taxes.'

"It is quite true that the language of this extract is guarded, but still what the Government mention here is that a loan to be called 'the City of Delhi loan' might have to be raised in order to meet the cost of constructing the new capital. There is no mention made here of spending any money on the new capital out of current revenues—either out of regular revenue allotments in the budget or out of surpluses. The Hon'ble the Finance Member, however, in his Financial Statement explains the course he proposes to adopt, in the following words :—

'I may say at once that we are not yet in the possession of any estimates of its cost. Plans for the temporary housing of the Government of India head-quarters are under preparation; but no plans for the permanent Imperial City are to be thought of until the best available experts have studied and advised upon the project in all its bearings. Meanwhile, my immediate duty has been to devise a scheme for financing the work, a scheme which will be as little onerous as possible to the taxpayers of India. Three possible alternatives have presented themselves throughout. The first, and in some ways the most attractive, would be a special Delhi loan. The second would be to charge the whole expenditure as it occurs against current revenue. The third would be to put the Delhi works on precisely the same footing as our large railway and irrigation works, treating them as capital expenditure and financing them partly from loans and partly from whatever spare revenues remain in each year after meeting our ordinary administrative needs. I shall not weary the Council by the various considerations which decided us, with the full approval of the Secretary of State, to adopt the third of these courses. It will, I believe, commend itself to the financial and commercial community of India. By treating the Delhi operations as ordinary capital work, we ensure the greatest possible elasticity in the provision of funds; we avoid unnecessary additions to our unproductive debt; and I hope we allay the fear — so far as I am concerned a baseless fear — that the new city will be built from the produce of fresh taxation.'

"The Hon'ble Member goes on further to say that—

'If money is easy and we can obtain more than we immediately require, it will lie in our cash balances available for future use. Meanwhile, as we shall now have three sections in our annual capital programme instead of two, we may reasonably enlarge the conventional figure of one crore which we have hitherto endeavoured to secure as our revenue surplus. There is no need to fix any standard surplus; much will depend on the circumstances of the year and on the other interests concerned; but whenever we find ourselves able to budget for a larger surplus than £667,000 without detriment to the other claims upon us, we shall do so until the financing of new Delhi is completed.'

"It will be seen that in this extract the Hon'ble Member does not confine himself to the idea of building Delhi out of loan funds but makes prominent and even pointed mention of devoting such surpluses as may be available to the new capital. Now, my Lord, I do not say that there is necessarily any inconsistency between the despatch of the Government of India and the statement which the Hon'ble Member has made. It may be urged that while the despatch of the Government of India merely mentions that it *might* be necessary to raise a loan, it does not bind the Government to build Delhi out of loan funds only; on the other hand, the language of the Hon'ble Member, though it speaks of devoting surpluses to the construction of Delhi, does not exclude the possibility of raising a loan for building the capital. This, my Lord, is perfectly true. But the general impression left on the minds of those who read the despatch undoubtedly was that the new capital would be built out of loan funds, as any one can see from what appeared in various newspapers at the time on the subject. On the other hand, the impression that is strongly created by the words which the Hon'ble Member has used in his Financial Statement is that surpluses would first be devoted to the building of Delhi, and if any more money is required, that would be found by means of loans.

"My Lord, the Hon'ble the Finance Member says that he wishes to allay the fear—so far as he is concerned, he thinks it is a baseless fear—that the new city will be built from the produce of fresh taxation. Now, in speaking of fresh taxation, I fear the Hon'ble Member is taking only a technical advantage of certain expressions which have appeared in the Press in this connexion. It is true that immediately after the Delhi announcements some newspapers started the cry that the new capital would cost a lot of money, and that fresh taxation would be necessary. But, my Lord, whether the Government imposes fresh taxation for building Delhi or keeps up taxation at a higher level than is necessary for the ordinary needs of the country and secures surpluses which it devotes to Delhi, is after all the same thing. For when you devote your surpluses to this work, you practically take that money out of the current revenues of the country. My Lord, what is a surplus? It is so much more money taken by the Government from the people than what is necessary for the ordinary requirements of the administration. If the Government could estimate exactly the expenditure required for a year and could also form an exact estimate of the revenues which would be required to meet that expenditure, then there would be no surplus—at any rate, no large surplus. It is because it is impossible to estimate accurately how much revenue the Government would require in a year that surpluses accrue. But when they so accrue, the fact is clear that, to the extent represented by them, the Government has taken from the people more than what was required for the actual purposes of the administration. Now, my Lord, there are three ways in which a surplus may be expended. You may devote it either to a reduction of debt; or you may devote it to a reduction of taxation; or it may be devoted to expenditure on useful objects in the country. In most Western countries, when a surplus is realized, it is devoted to a reduction of debt. In this country, the practice, though not identical, ultimately results in the same thing. Our surpluses in the first place find their way into our cash balances and from these they are either devoted to expenditure on railways or irrigation, that is, to productive works—which ultimately reduces our unproductive debt by a corresponding amount—or they are directly used for reducing our debt. But whether they are used in the first or second way, the result is ultimately the same, namely, that of reducing our unproductive debt. This, however, has been one of the principal grievances which non-

official Members have urged in this Council again and again for several years past. I, for one, have been raising my humble voice year after year against this misapplication of our surpluses since I entered this Council, now eleven years ago. Year after year I have been pointing out that while this may be sound finance in the West, it is not sound finance in this country, where the unproductive debt is really a very small amount. Last year I went at some length into the question as to what was the amount of our unproductive debt. I took all the various liabilities of the Government into consideration, as also all the sums due to it and its cash balances; and I showed that the actual unproductive indebtedness of the Government of India—putting aside the vast sums that have been spent on railways and irrigation, as they are earning their interest—was about 30 millions sterling only. Since then the Hon'ble Member paid off 2 millions out of last year's opium surplus. And this year he pays off again another million out of this year's opium surplus. Thus, three millions are knocked off, leaving only about 27 millions as representing our net unproductive indebtedness. It is true that the figures of unproductive debt which are given in Government publications are higher, because they do not take into account certain sums which are on the other side, namely, the loans that have been advanced by Government to Native States, to local bodies or to cultivators, and they also leave out of account our large cash balances. Now, an indebtedness of only 27 millions is a mere trifle for a country like India; in any case, there need not be this great hurry to pay it off. If the Government will provide a regular sinking fund of a reasonable amount to pay off the debt, there will be no occasion for anybody to complain. As a matter of fact, there is already provision for such a sinking fund as I pointed out last year. Under Railways there is a sum of a little over eight hundred thousand pounds, which automatically goes to the redemption of debt. Then again, under Famine Relief and Insurance, a sum of nearly half a million is always allotted to avoidance or reduction of debt. A million and a quarter thus, or to be more correct, a million and one-third, is devoted every year to the reduction of debt. At this rate, if no war or great famine or any other extraordinary occurrence of a like nature drives the State to borrow, our entire unproductive debt will be wiped off in twenty years, and that without devoting any part of our surpluses to such reduction. There is not another country in the world where they could claim to be able to do this. In Western countries they have to provide a large sinking fund for the reduction of debt, because their unproductive debts are so large—a thousand million pounds in France, seven hundred million pounds or something like that in England, and corresponding debts in other countries! Where you have such huge debts, it is necessary to provide for a large regular sinking fund, and in addition to devote surpluses, when they accrue, to the same object. Moreover, the expenditure of Western countries is carried on under the direct control of the representatives of the people. Therefore, Governments in Western countries, being largely dependent on the votes of the people, try to conciliate popular feeling by remitting taxation whenever a suitable opportunity presents itself. Of course I am not speaking of English finance of the last three years; but, speaking generally, the position is as I have stated. Though, therefore, the surplus that accrues in any particular year may go to the reduction of debt, any real improvement in the financial position, as represented by that surplus, is utilized as a rule for reducing taxation in Western countries. In this country, on the other hand, our experience is that, whenever there is a surplus, it is devoted to the reduction of debt and any improvement in the financial position that it may indicate is hidden away, as far as possible, by underestimating the revenue or overestimating the expenditure for the following year. And it is only when the improvement is so striking that it cannot possibly be hidden away that relief is given to the taxpayers. Take the history of our finances during the last 14 years. There were no doubt remissions of taxation granted, but that was because the Government could not help doing it. As long as Government could help it, no reduction was made, and large surpluses were enjoyed and expended in various directions. Now, my Lord, my contention is that in this country a surplus is always a temptation to the

Government either to pay off its debt faster than is necessary, or else to increase expenditure in directions which entirely depend upon its own will and which sometimes do not commend themselves to the people. This question, therefore, of the proper disposal of surpluses is to my mind a very important question, and that is why I raise it whenever an opportunity presents itself. My Lord, there are many useful directions in which our surpluses could be expended, or, if that course does not find favour with the Government, advantage ought to be taken of them to remit taxation so that the money remitted might fructify in the pockets of the people. Of course, if the Government merely borrowed to build Delhi without at the same time utilizing the surpluses either for reducing taxation or for expenditure on useful objects, it would in effect be the same thing as devoting the surpluses to the construction of the new capital. For in that case, while you will be borrowing with one hand to build Delhi, you will, with the other hand, be paying off debt by means of surpluses, realized by keeping the level of taxation higher than necessary. What I want is that while Delhi should be built out of loan funds,—our trifling unproductive debt provides ample margin for that,—the surpluses should be utilized either for non-recurring expenditure on education, sanitation and medical relief, as my next Resolution recommends, or else they should go to the reduction of taxation.

"My Lord, the Hon'ble Member has estimated the surplus for next year at one and a half millions. As a matter of fact, if the Council will carefully analyse the revised estimates of this year, it will see that next year's surplus is likely to be nearer four millions than one and a half millions. I think the Hon'ble Member, as also the Hon'ble Sir James Meston, will have to admit this. It is true that the Finance Department has made a very skilful attempt to hide away the true surplus partly under one head and partly under another, till only one and a half millions is left to show to the public. But I do not think the attempt has been successful. Take the revised estimates of this year; the surplus shown in the Statement for the year is 2·75 millions sterling. Out of this, 1·75 millions is the special opium surplus. The ordinary surplus, therefore, that this, the excess of ordinary revenue over our ordinary expenditure in this year's revised estimates, is one million. Well, let us put that down first; next, my Lord, during this year the Government have made to Local Governments special grants, amounting to 1·42 millions or nearly 1½ millions. If these grants had not been made,—they are all extraordinary grants,—our surplus would have been higher by 1·42 millions. Then again I find from the Financial Statement that about half a million was spent in connection with the Royal Visit on the Civil side; two hundred and seven thousand pounds on the Military side, and the bonus and other boons came to about six hundred thousand pounds; altogether over one million and three hundred thousand. That is also extraordinary special expenditure belonging to this year only. We thus have one million the declared surplus, 1½ millions in the amount of special grants to Local Governments, and 1·36 millions, or about that, the cost to the Government of India in connection with the Royal Visit—altogether 3·87 millions or nearly 4 millions. This then represents the real excess of our revenue over our expenditure at present, leaving aside the opium surplus and leaving aside also what I have called our automatic sinking fund. But what I find done is that in next year's Budget, under nearly every head, the revenue has been under-estimated and the surplus has been worked down to 1½ millions only. I hope the Council will see this and I hope it will realize that the question before us is not about 1½ millions only but about 4 millions sterling. If the Government realize this sum of 4 millions,—and I am sure it will realize it unless something extraordinary happens,—and if the estimate of the cost of new Delhi is correct, the Government could build the capital out of surpluses in one or two years. If this happens, whether provision for the expenditure is made out of current revenue at the beginning of a year or out of an estimated surplus at the end of the year makes really no difference. Only in the one case you put down the expenditure beforehand against revenue, and in the other you wait till such time as the accounts of the year show

a surplus and then take the money. In either case, however, the money comes out of taxation. My Lord, as the Government has foreshadowed in its despatch of 25th August last the floating of a special Delhi Loan, I contend Delhi should be constructed out of loan funds, whether it costs 4 millions or 5 millions or 10 millions or any other amount. We want our surpluses for other purposes and the smallness of our unproductive debt allows plenty of margin for a Delhi loan. I urge, my Lord, therefore, that the loan for this year should be raised by one crore more—the amount indicated by the Hon'ble Member as likely to be taken out of next year's surplus to be spent on the construction of Delhi—and that the new capital should be constructed entirely out of loan funds."

The Hon'ble Maharajadhiraja Bahadur of Burdwan: "My Lord, if the question had been mooted in Council regarding the advisability of having a new Delhi and if Mr. Gokhale had proposed that there was no need for a new Delhi, I would probably have voted with him. But here we have to consider that as we are going to found a new Imperial Delhi and as therefore we have got to consider the ways and means, I do not see any reason why we should not utilise this surplus in building the new Imperial City. By utilising this surplus, our loan this year would be less by a crore of rupees. Of course Mr. Gokhale's proposition of remitting taxation is one that has my fullest sympathy, but I am afraid that at the present juncture it will not be possible to remit any tax, and, on the other hand, many of us would be very pleased if we could build Delhi out of the ordinary surpluses. For these reasons, my Lord, I do not think that simply because it was mentioned in the despatch that the cost of the new Imperial Delhi should be met out of a special loan, that is any reason why we should not utilise the surplus that we can lay our hands upon at the present moment. For these reasons, I am sorry I cannot support Mr. Gokhale's Resolution."

The Hon'ble Mr. Madge: "My Lord, the grounds on which this Resolution appeals to me, I shall briefly state as follows. The first question to be decided is whether the money required for the new Delhi would be a charge against Revenue or against Capital, and in so far as my inexpert amateur intellect understands it, large operations of the character to be undertaken at Delhi should be regarded as Capital and charged against loans and not against Revenue. One of the principles underlying this arrangement should, I suppose, be that the burden of expenditure should fall upon the generations that would benefit by the expenditure incurred. It may be said that because the charges incurred in this scheme are in a sense unproductive, you cannot trace any distinct benefit to them. But I do not take that view of it. Whatever benefit is to come—and I suppose the responsible Government recognise some great benefit—that benefit will be shared by a large number of future generations; and I respectfully submit that the life of successive loans, out of which these charges ought to be met, should be so protracted that their proper share of repayments should fall upon future generations and not on the present generation. That is a principle which is recognised in all smaller loans, and I fail to see why it should not be recognised in the large loans that will be needed for the purpose of building Delhi. I will not take the same ground that the Hon'ble Mover has taken on one point. The argument that there should be no difficulty in raising a loan, because the indebtedness of India is 'such a little one', is unsound. I believe our debt is comparatively small because the Government of India has been wisely careful in a poor country like India in not contracting any but absolutely necessary loans; and the examples that we have in the West at the present time of the manner in which Consols are being depreciated because of extravagant expenditure incurred is sufficient warning to us in this respect; but I do believe that the whole charge of building Delhi ought to be considered as Capital expenditure and raised by loans. I entirely agree with what the Hon'ble Mover has said as to the uses which should be made of surpluses. One of the first of these uses is to reduce taxation. There are also many pressing needs of this country, wants of the present generation, which

ought in my humble opinion to be met from the taxes contributed by this generation. On these grounds I support the Resolution."

The Hon'ble Sir James Meston: "My Lord, the Hon'ble Mr. Gokhale has done me the honour of referring to me as an expert on the subject of surpluses. I was not quite prepared for an attack on our surplus, knowing as I do with what care our estimates have been framed. But as the Hon ble Member has raised the point and has put definite figures before us, I accept hi offer to discuss them. To put it frankly, he thinks that we have been manipulating the surplus; that instead of a million and a half, we really have got 4 millions at our disposal; and he arrives at this conclusion by calculating in the following manner. We have a declared surplus in the current year of 1 million apart from opium. We have given grants of $1\frac{1}{2}$ millions to Local Governments in the current year; and we have spent $1\frac{1}{3}$ millions on the Royal Visit and on grants, subsidies, presents, boons, etc., in connection with it. Thus he works it out to close on four millions as being the real surplus revenue we had in the current year; and he suggests that, if things go well, we shall be in a position to lay before Council next year another four millions or so surplus. Now there are certain qualifying facts and figures in his calculations. First of all, there is a small matter, a matter running to about a third of a million; in his grants to Local Governments he has included the *pro formâ* assignments made through land-revenue head to Local Governments to pay for boons and other expenditure which was in the first instance charged to Provincial revenues in connection with the Royal Visit. He has again taken this in his calculation of the $1\frac{1}{3}$ millions expended on the Royal Visit, so that we have to eliminate something close on one-third of a million on that account from his calculation. That would bring our surplus to somewhere near $3\frac{1}{2}$ millions. And he says that the whole of this might very well be allotted to the capital expenditure on new Delhi. I would point out first of all that we have been cautious, we have been conservative even, in estimating the revenue from railways and from customs in the next year. We have had an almost phenomenal year in 1911-12, and we think that it would be unwise to estimate for another phenomenal year. We had a bad scare in August last year and we may have a bad scare again next year, which may develop into a really bad crisis. Consequently we had to strike off $\frac{3}{4}$ million on that account from the current year's revenue in estimating the revenue from railways and customs for the year to come. That would, I think, reduce his calculation to say $2\frac{3}{4}$ millions. Now, if he would give the whole of that $2\frac{3}{4}$ millions to Delhi, I can only take that argument as implying that he disapproves of the special grant to the great service of education which is going to occupy $1\frac{1}{4}$ crores out of our ordinary surplus this year—50 lakhs which was announced at the Royal Visit, and the 75 lakhs which have been added to it since. If he accepts that position, then I am in entire agreement with him that we could have budgeted for a larger surplus. Otherwise I think that our £$1\frac{1}{2}$ millions is a fair and reasonable figure."

The Hon'ble Pandit Madan Mohan Malaviya: "My Lord, I beg to support the motion. The building up of Delhi is an important thing, and it ought to be associated with the most happy associations. The foundations of it were laid by His Imperial Majesty, and except for the inevitable unhappiness which has been caused to Calcutta, the country as a whole has joined with the Government in expressing its satisfaction at it. In this view, my Lord, the diverting of the annual surpluses from their legitimate use ought not to be associated with the building of Delhi, if it can be avoided. Build up Delhi, no doubt, and build it up as well as it should be built up; but let the surpluses, contributions of the people, go at the same time to build up the strength of the people. If the surpluses are diverted towards the cost of constructing Delhi, whatever may be said at the present moment, there will necessarily not be the same measure of funds available for promoting many of the objects in which the vital interests of the people are involved. It is not a question of one year

nor of a small sum. I fear that we shall for several years be confronted, on every occasion when we urge that money should be set apart to promote popular requirements, with the necessity of finding the large amount which will have to be found for building up Imperial Delhi. I submit, my Lord, that the people generally will feel more satisfaction and a new source of public complaint will be avoided if provision is made by raising a special loan for meeting the expenditure on Delhi, and no interference is made with the means, which may, in the natural course of things, be available to the Government of India for distribution among the many objects which affect the people.

"For these reasons I strongly support the Resolution."

The Hon'ble Babu Bhupendranath Basu: "I rise to support the Resolution moved by my Hon'ble Mr. Gokhale. I offer no observations as to the necessity or otherwise of removing the capital to Delhi; but taking that fact as granted, it has been asserted in several quarters that the cost of building an Imperial City at Delhi will be at least 10 crores, and not 6 crores, as was estimated in the despatches that were placed before the public. The question then arises, how is this fund to be met? The despatch itself pointed out the way in which the expenditure might be provided; but apart from the despatch, applying ordinary principles of taxation in matters of capital expenditure, I do think that it is a proposition which cannot be controverted that expenditure in the shape of capital which will benefit many generations must be borne by several generations and spread over a considerable period of time. That is an ordinary axiom in the incurring of expenditure of this class. We do not see why that principle should be deviated from on this occasion. Money is urgently needed in various directions, and if even the remission of taxation is not possible, it is quite possible to spend the money which my Hon'ble Friend the Finance Member is devoting to Delhi for purposes which would be more useful and beneficial. At the same time I do not think any one in the country would complain if the expenditure for building Delhi were met by a loan. For these reasons I do hope that the proposal of my friend the Hon'ble Mr. Gokhale will find acceptance with Government; for, as was pointed out by the Hon'ble Pandit Madan Mohan Malaviya, if it were the fact that this one crore of rupees was all that was wanted, probably we could reconcile ourselves to our surplus going towards that object, namely, the building of a city; but we all know, whether it is 6 crores or 10 crores, we have to provide a much larger expenditure, and that expenditure ought to be so arranged, that the burden may be distributed over a considerably longer period of time."

The Hon'ble Sir Cecil Graham: "My Lord, in supporting this Resolution I should like to say a few words. There seems to me to be no doubt that the money to build Delhi must in any case eventually come from the taxpayers' pocket, whether it is provided for next year and the next few succeeding years, or whether it is spread over a long series of years. Seeing that that is so, I think that if that money is provided entirely through a loan, the cost of the building of Delhi will be kept very much more before the Government of India, this Council, and the public generally."

The Hon'ble Mr. Mudholkar: "My Lord, I wish to say a few words on this Resolution. In regard to the important work—the building of the Imperial City—I think the Government may follow the policy which they impress upon local bodies and municipalities in regard to large works. Such works are generally not constructed out of the current revenue, because the expenditure is one which is intended to benefit future generations, and it would be hard to impose upon one generation the entire cost of a great work. On that principle the principle of justice—it is considered proper that the cost should be extended over a number of years. Another thing which I would advance in support of this Resolution is that our present taxes were raised with a view not to meeting extraordinary expenditure of the kind which is to be incurred for the new Imperial City, and which I for one say ought to be

incurred very gladly, but these taxes were raised for other purposes, and all these purposes exist as strong as ever, and the surplus which may come to the Government of India, whether it is 4 millions or 3½ millions or 2 millions or one million, whatever it may be, that surplus ought to be devoted to those purposes for which they would ordinarily have been available had not this new necessity arisen, and should not be diverted to the new extraordinary purpose, the necessity of which is beyond question, but which ought to be met from extraordinary sources."

The Hon'ble Sir Guy Fleetwood Wilson: "Mr. Gokhale has supported his Resolution in that eloquent and scholarly manner which always makes it a treat to listen to him; but I confess that I think he has hardly been as convincing as he so often is.

"In the speech with which I introduced the Financial Statement last Friday, it was impossible for me, within the time at my disposal, to enter in detail into our arrangements for financing the new Capital at Delhi. There were many other questions of great importance and wide public interest to be dealt with; and all that I attempted to do with this particular question was to explain the general attitude of the Government of India and to touch upon the main considerations by which we are actuated. There are obviously a number of possible methods of finding the money necessary for building Delhi. If I had discussed the *pros* and *cons* of each method, I should have occupied an altogether disproportionate share of a statement which had to embrace a review of our whole financial position. I have seen it suggested that other and presumably more sinister motives lay behind my declared anxiety to spare the Council a mass of technical detail on Friday last. I know the Council too well to think that my hon'ble friends believe anything of the kind of me. The financing of the new Delhi is a subject of much interest and importance to us all, and this Council has a right to the fullest information regarding it. That information I shall always be ready and willing to supply. On Friday I could only give it in epitome and await a more suitable occasion for entering into detail. That occasion has now been provided by the Hon'ble Mr. Gokhale's motion.

"Let me begin by reminding the Council what is exactly meant by the expenditure on the new Delhi. The project is a public work of quite exceptional magnitude, spread over a number of years and costing several millions sterling. The new Capital will not be a remunerative work. It will be a work similar in character to the residences of our high officials, to the spacious buildings which house our busy Secretariats, to our Courts of Law, and to the other public offices which are necessary for the purposes of the orderly government of a great country, but which do not yield any direct return. Nor will it be, in the technical sense, a productive public work in the same manner as we talk of our productive canals or our productive railways; that is to say, the direct revenue from it will not be sufficient to pay for the cost of maintenance in addition to a substantial rate of interest on the outlay originally expended upon it. I am not now talking of the city which we hope in time will grow around the new Captital, or of the amenities to which a city with such an origin will have a reasonable claim. For these matters we may assume that provision will be made in some form of municipal government with its own methods of control and its own powers of local taxation. I am speaking for the present entirely of the public buildings which the new Capital will require, and of the fitting environment which will have to be created for them. For those purposes the expenditure will be neither remunerative in the ordinary commercial sense nor productive in the technical sense which we apply to other large public works in this country.

"Now for work of this class the provision of funds, as I stated briefly when I introduced the Financial Statement, can only take one of three forms. We may finance the work entirely from current revenues; we may finance it entirely by borrowing; or we may finance it partly from current revenues and partly from borrowed money. As I have said, the Government of India have decided on the third of these courses. The Hon'ble Mr. Gokhale now

invites us to alter that decision and adopt the second course. Other authorities on finance will no doubt press upon us the first course. It is therefore necessary for me to discuss each of them *seriatim* and to explain more fully than was possible last week the reasons why we have come to our decision, and why we are unable to accept the Resolution which has been submitted to Council today.

"The first alternative with which I shall deal is the provision of funds for Delhi from our current revenues. This, it will be readily seen, would be the ordinary course for adoption in the case of large public works of an unproductive character. In the same way as we build important public offices from current revenues, in the same way as we propose to build the new Provincial headquarters at Patna from current revenue, so should we ordinarily do with Delhi. We have abundant precedents for this course, both in India and elsewhere. It is true that none of the recent precedents which come to my mind are on the same scale of Imperial importance as the new Capital of the Indian Empire will be. But large projects have been financed in this manner; and in some countries, notably some of our British colonies, funds have been raised by special loans on the security of bonds which are redeemed in some short period—say 5 or 10 years—from the inception of the work. This particular plan, which I may mention was considered by us and rejected, is designed to spread the cost of a project uniformly over the revenue budgets of the years during which the project is in hand, and thus preventing the fluctuation of the actual expenditure from upsetting the budget dispositions of any particular year or years. But if we had decided on charging the Delhi expenditure direct to current revenues, either by paying for it as the work progressed or by equalising the annual expenditure in the manner I have mentioned, there was one great and obvious danger before us. That danger, I need hardly tell the Council, was the influence of such a substantial increase in our revenue charges on the budget of a bad year. At the present moment, I am happy in the feeling that everything points to a steady progress, and that our finances are sound and stable. But five years ago, in March 1907, my predecessor might have confessed to the same feeling without being accused of either optimism or imprudence, although, as we now know, he was on the eve of a serious famine and a grave financial crisis. However bright the sky may be just now, it may be overcast by very heavy clouds indeed before this Council meets in its permanent Chamber in the new Delhi; and if we are prudent men, we must act accordingly. What I felt therefore, and what I am sure all my colleagues felt, was that the risk of debiting the Delhi expenditure to current revenue was too great. We might have a sudden collapse in our opium revenue; simultaneously we might have scarcity, or we might find ourselves in the troubled waters of an international financial crisis. At such a time the additional burden of the Delhi charges, with whatever economy we might conceive them, might turn the scale between a surplus and a deficit. They might indeed do so for more than one financial year. They might thus prejudice our credit, and it is not inconceivable that we might, in the last resort, be driven to fresh taxation. I need hardly say that we should regard such a result as unfortunate and highly undesirable. We cannot ensure against it, and we therefore determined to turn to one of the other alternative methods for finding the money which Delhi will require.

"The second of those methods would have been to borrow money for this special purpose and to keep a balanced account between the proceeds of our special loan on the one hand and our actual expenditure upon Delhi on the other. We could have raised a large Delhi loan, in the same way as His Majesty's Government raised their loan for the Transvaal or their Irish land loan; and there are very many excellent arguments for adopting such a course. I will take the Council into our full confidence and explain why, after the most careful consideration, we finally decided against this line of action. In the first place, we considered that it would be uneconomical to raise in one transaction the whole of the money required for operations which must necessarily be protracted. A considerable part of the money would remain unemployed for several years unless we arranged for re-investing it, a course

which I think every one will consider as undesirable and probably, as I have said, uneconomical In the second place, we were unwilling to disturb the steady development of our productive works by the flotation of a large unproductive loan in any one year. If we had raised it in gold in London, we could hardly have hoped that there would not be some appreciable reaction on the market for our ordinary railway loans—a market which does not even in normal circumstances yield as much as those who are interested in the rapid extension of our railway systems would desire. If on the other hand we had raised the loan in rupees in India, the effect upon our limited loan market in this country would unquestionably have been serious. Moreover, we were advised, on authority which I am sure my commercial friends would accept as good authority, that the flotation of a special loan for Delhi in India would not be altogether popular. There would be difficulties about transferring holdings from it into one of our ordinary loans, or *vice versâ*; and any attempt at a new form of security, such as bonds redeemable by annual drawings, treasury bills, or the like, would be innovations in the Indian market and might not meet with success. In brief, and ignoring these and other technical considerations with which I will not weary the Council, we saw danger ahead if we attempted a special Delhi loan, whether in sterling or in silver. We feared that it might prejudice the regular and adequate provision of funds for the development of our railways and the advancement of our great irrigation works; and we accordingly determined, after the most anxious consideration and after taking the best advice available, to borrow for Delhi, in so far as borrowing may be found necessary, by additions to our ordinary yearly rupee loans in India.

"I have said that we decided on this method of borrowing in so far as borrowing might appear necessary. My Hon'ble friend who has moved the Resolution now before Council disapproves of this reservation. He would charge the whole of the Delhi expenditure to our borrowed money. I entirely appreciate his objects and I respect his consistency. He considers that the whole of our surplus revenues should be employed on the important services which he champions in this Council. He considers that we are far too nervous about our unproductive borrowings. He considers that Delhi should be built entirely from loans, and that the burden should thus be passed on from the present to the succeeding generations in equal proportion. This line of argument is in complete fitting with the theory of Imperial finance which Mr. Gokhale has pressed on this Council time and again. I can bring no new arguments to meet it because our theory also is consistent and we believe it to be right. But, put very briefly, our objection to borrowing, either specifically or indirectly, the whole of the expenditure which the project will involve is that such a course would mean a necessary addition to our unproductive debt. (I may mention parenthetically that our statement of unproductive debt differs from that of Hon'ble Mr. Gokhale's: on the 31st of March last it was raised to 45½ millions and not as the Hon'ble Member stated only 27 millions.) Some part of the expenditure on this great Imperial project will unquestionably have to be met by borrowing, and the payment of interest on that borrowing will become a burden on the future. But why should we allow that burden to be greater than it really need be if we are in a position to discharge some part of it now? The future will have difficulties enough of its own; fresh claims on our exchequer are rising every day; fresh demands for social and material reform will continue to absorb the best energies of my successors. It is our clear duty to add as little as possible to those burdens and anxieties. If we are proud of Imperial Delhi and if we wish to leave it as a worthy gift to coming generations, why should we saddle the gift with a mortgage on the full value of the property when we are able to do something better?

"Let me now recapitulate for a moment. We object to financing Delhi wholly from revenue, because we should thereby burden the finances of several years to come with an indeterminate liability, a liability which may at any time, and without any warning, curtail our programme of education and other good causes, convert a surplus into a deficit, aggravate a crisis, and even force the Government of the day into imposing additional taxation. We object to

financing Delhi wholly from loans; first, because we should be putting a greater strain than is necessary upon the market for our productive loan, and secondly because we should thereby swell our unproductive debt and our permanent interest charges to an extent greater than is necessary, while we should be evading that share of responsibility for the Delhi expenditure which, I think, this generation ought in fairness to accept. Holding these views, we come by elimination to the last of the three possible courses with which I began, namely, the financing of Delhi partly from borrowed funds and partly from surplus revenue. For this course we have an excellent precedent at hand. In our annual programme for railway and irrigation works, we estimate year by year the sums which we shall spend on those two branches of the administration; we make a definite plan for meeting so much of the expenditure as we reasonably can from loans, and the remainder of the programme we finance from our cash balances, into which we throw the whole of our ascertained excess revenue. In the case of Delhi we propose to follow precisely the same procedure. We shall borrow what we can and when we can; regulating our loans so as not to set the market against us; taking money when the market is easy and when funds seeking investment are abundant; and keeping in our cash balances for future use whatever we may not be able to spend at the time. But we shall also utilise in the same way whatever surplus revenue we can secure from windfalls or by economies, whenever there is no paramount claim upon us for the employment of the money in other directions or for the reduction of taxation. In this way, we obtain a maximum of elasticity; and I trust that we shall secure also the minimum of pressure upon the Indian taxpayer. I believe that the scheme which I have thus outlined will command the general approval not only of this Council but of those outside this Council who are interested in the stability of our Indian finances.

"Against the scheme which I have now indicated, two criticisms have been brought to which I must allude before I sit down. One relates to the methods of our policy, the other to its results. The former of these is the criticism that, by retaining surplus revenue for capital expenditure, we are keeping money which it would be better to restore to the people, to fructify in their pockets. If I wanted to make a mere debating point, I should have no difficulty in setting one set of my critics against another. For I am told on the one hand that our surplus revenue should be employed in lowering the scale of taxation. On the other hand I am assured that what this country most urgently wants is more education, etc., and that for the present the remission of taxation is not a primary need and may well be postponed. I have no desire however to avoid the issue which this criticism raises and which I need hardly say has already had my most anxious attention. There have been in recent years large and frequent remissions of taxation; and I am not aware that there is any particular tax which now lies as an intolerable load upon the people of this country. On the other hand we have been laying aside, and continue to lay aside, large funds for the development of educational and similar social needs; and I am inclined to think that we are providing funds for these purposes at least as quickly as they can be profitably spent. In these circumstances I can see no hardship in refraining for the time being from further reductions of taxation.

"The second criticism is the suggestion that, by treating the Delhi works as capital expenditure, we shall in some way obscure the actual outlay. I confess that I fail to understand this objection, which seems to be based on a curiously unintelligent conception of what we propose to do. There is no possible justification for imagining that our capital expenditure is less carefully estimated, or less accurately brought to account, than our revenue expenditure. The estimates of our railway and irrigation capital are framed with the greatest care in our annual programme. Our actual expenditure on railways and irrigation is tabulated in our Finance and Revenue accounts with the utmost detail. There is no possible reason why our Delhi estimates and our Delhi expenditure should not be treated in exactly the same fashion. Indeed it is our intention to include an annual forecast of our requirements

for Delhi in the regular capital programme, and bring the expenditure to account under a separate head which the Council will find that we have opened for the purpose in our Financial Statement. In this way the estimates will be as carefully scrutinised as those of any other projects which the Government control, and the accounts will receive the same publicity, and will be recorded with the same precision, as all other capital expenditure. The method of finance which we have accepted and adopted will in no way wrap up the Delhi operations in technical obscurity ; on the contrary, it will simplify and systematise their financial results."

The Hon'ble Mr. Gokhale : " My Lord, I will first say a few words as to what has fallen from my Hon'ble friend Sir James Meston. I accept his correction as regards £$\frac{1}{4}$ million, and I am quite willing to say that the present excess of our revenue over our expenditure is about 3$\frac{1}{2}$ millions instead of 3$\frac{3}{4}$ millions. As regards the other point, namely, that I have left out of account the proposed expenditure on education next year, namely, 1$\frac{1}{4}$ crores, I may remind my Hon'ble friend that I have also left out our normal growth of revenue during next year. Sir Edward Baker, when he was Finance Minister, once estimated this normal growth of our revenues at about 1$\frac{1}{2}$ crores. I have not taken that into consideration, and that is a set-off against the increase in educational expenditure which has been provided. Assuming, however, that the £$\frac{3}{4}$ million extra, which is going to be spent on education, should be deducted, there still remains a surplus of 2$\frac{1}{2}$ millions. My Hon'ble friend could not take it down further, and he has not told us why the Finance Department has budgeted for a surplus of only a million and a half. But whether the actual amount is 3$\frac{1}{2}$ millions or 3 millions or 2$\frac{1}{2}$ millions, it is a substantial surplus, and my contention is that there is nothing to prevent the Government from building Delhi out of current revenues by devoting the whole of the surplus to it for two or three years.

" My Lord, the Hon'ble the Finance Minister drew a somewhat frightening picture as to what might happen to us in the course of a year. The sky, he warned us, might suddenly become overcast, and instead of the very comfortable situation in which the Finance Department finds itself at present, it might be necessary to impose extra taxation! In replying to my friend the Hon'ble Pandit Madan Mohan Malaviya a few minutes ago, the Hon'ble Member spoke of his proposal as calculated to lead to bankruptcy! Now I am quite sure the force of reasoning of the Hon'ble Member would not suffer any abatement if he did not try to frighten us thus with talk of bankruptcy or of extra taxation. I am quite sure there is no need just now for either. With a surplus which may reach five millions, with that amount jingling in his pocket, I really do do not understand how he can talk of bankruptcy or of extra taxation! When we do actually get into troubled waters, it will be time enough for him to speak of bankruptcy or other dreadful possibilities! The Hon'ble Member said that in other countries they have resorted to short term loans for such purposes. Well, I should be very glad if that plan were adopted by the Government of India. A short term loan, spreading the burden of building the new Capital over a period of, say, ten or fifteen years, would not be a bad arrangement. What I object to strongly is the utilization of our surpluses in this indefinite manner for the building of Delhi. The Hon'ble Member says, why should we throw any burden on future generations! But what does he mean by a generation? Does he mean that only two or three or four years form a generation? At the present rate, if things continue normal, you could build Delhi in the course of two or three years out of surpluses if the estimate of the cost is not far wrong. Does he call two or three years a generation? If he raises a short term loan of ten or fifteen years, I should have no complaint to make.

" Then, my Lord, the Hon'ble Member says that the opium-revenue might be extinguished any moment or that we might suddenly get into other complications. But that itself is, to my mind, a very important reason why this money which is available just now should not be devoted to such purposes as building a new city when it is urgently wanted for other objects. Money for non-recurring expenditure is required in various directions, as I will show when I move my next Resolution,—for education, for sanitation and for medical relief.

When you have a surplus, that surely is the time when you can help Local Governments in meeting this expenditure. But my Hon'ble friend, when he has the opportunity, wants to take away the surplus for building a new Imperial city, and so we cannot get it now. Later, if and when we get into more troublous times, he will, of course, have nothing to give to Local Governments for these objects. I recognize that provision has been made in this year's budget for an additional 125 lakhs for education. That of course is true and I will speak about it on a future occasion. But leaving that out of account and merely confining ourselves to the manner in which our surpluses are utilised, I contend that the first and foremost claim on them in our present state is that of non-recurring expenditure in connection with education, sanitation and medical relief. The Hon'ble Member said that his figure for unproductive debt differed from mine, and he mentioned 45 millions as the figure of our unproductive debt at present. Through the courtesy of the Hon'ble Sir James Meston I have got that figure here. A glance at it is sufficient to show that it does not represent the net unproductive indebtedness of the country to-day. Take the amount borrowed in 1908-09. There was in that year a deficit of about 3½ millions, but the Government floated a loan of 6 millions—3½ millions to meet the deficit, and 2½ millions for other purposes. Again, later on, they borrowed 5 millions to pay off certain debentures, and then, instead of paying off the debentures, the loan went to swell the cash balances at the disposal of the Secretary of State. Surely that does not mean any true addition to our net indebtedness. If we take our net indebtedness, by which I mean—all that the Government owes, *minus* all that is owed to the Government and the cash balances, which the Government maintain whether in England or in India,—the figure will be found to be 27 millions only, and no more. Well, that is a small amount, and if you add to this four or five millions for building Delhi, our unproductive debt will still be trifling.

" My Lord, to the other questions raised by the Hon'ble Member, I think it will be more convenient for me to reply when I deal with the next Resolution. This matter is an important one, and I think it necessary to press my motion."

The Council divided :

Ayes—16.

The Hon'ble Pandit Madan Mohan Malaviya, the Hon'ble Raja of Dighapatia, the Hon'ble Babu Bhupendranath Basu, the Hon'ble Mr. Sachchidananda Sinha, the Hon'ble Mr. Haque, the Hon'ble Nawab Saiyid Muhammad, the Hon'ble Mr. Subba Rao, the Hon'ble Raja of Kurupam, the Hon'ble Mr. Gokhale, the Hon'ble Mr. Fyffe, the Hon'ble Mr. Mudholkar, the Hon'ble Mr. Madge, the Hon'ble Sir C W. N. Graham, the Hon'ble Sir Gangadhar Rao Chitnavis, the Hon'ble Mr. Jinnah, and the Hon'ble Mr. Bhurgri.

Noes—39.

His Honour the Lieutenant-Governor of Bengal, His Excellency the Commander-in-Chief, the Hon'ble Sir Robert Carlyle, the Hon'ble Sir Harcourt Butler, the Hon'ble Syed Ali Imam, the Hon'ble Mr. Clark, the Hon'ble Sir Reginald Craddock, the Hon'ble Major General Sir M. H. S. Grover, the Hon'ble Mr. Maclagan, the Hon'ble Mr. Porter, the Hon'ble Mr. Sharp, the Hon'ble Mr. Enthoven, the Hon'ble Mr. Wheeler, the Hon'ble Mr. Brunyate, the Hon'ble Sir A. H. McMahon, the Hon'ble Nawab Abdul Majid, the Hon'ble Raja of Partabgarh, the Hon'ble Maulvi Shams-ul-Huda, the Hon'ble Mr. Lyon, the Hon'ble Maharajadhiraja Bahadur of Burdwan, the Hon'ble Mr. Saunders, the Hon'ble Sir James Meston, the Hon'ble Surgeon General Sir C. P. Lukis, the Hon'ble Mr. Fremantle, the Hon'ble Mr. Vincent, the Hon'ble Mr. Carr, the Hon'ble Mr. Arthur, the Hon'ble Mr. Phillips, the Hon'ble Mr. Dadabhoy, the Hon'ble Mr. Meredith, the Hon'ble Mr. Shafi, the Hon'ble Khan Zulfikar

Ali Khan, the Hon'ble Malik Umar Hyat Khan, the Hon'ble Maung Mye, the Hon'ble Mr. Gates, the Hon'ble Sir Charles Stewart-Wilson, the Hon'ble Mr. Dempster, the Hon'ble Sir T. R. Wynne, and the Hon'ble Mr. Kenrick.

So the Resolution was rejected.

[*The Hon'ble Sir Harcourt Butler took the Chair.*]

PROVINCIAL GRANTS.

The Hon'ble Mr. Gokhale: "Sir, I beg to move that this Council recommends to the Governor General in Council that the total amount of the grants proposed to be made to the several Provincial Governments and Administrations during 1912-13 be increased by one million sterling—which means two-thirds of next year's estimated surplus—to form the nucleus of special Provincial reserves, from which those Governments and Administrations could finance programmes of non-recurring expenditure in their Provinces on education, sanitation and medical relief, spread over a period of at least five years, and that in future two-thirds of the Imperial surplus, whenever it accrues, be added to these reserves.

"Sir, before I deal with this Resolution, I think it necessary to renew my complaint of last year as regards the rule which regulates the discussion of additional grants to Local Governments in this Council. I pointed out last year—and I must repeat again today what I then said—that under the rule as it stands only the additional grants that are made in the budget for the year following can come up directly for discussion before this Council. The rule speaks of 'any additional grants mentioned in the Financial Statement,' and 'Financial Statement' is defined 'as the preliminary financial estimates of the Governor General in Council for the financial year *next following*.' Therefore, strictly speaking, we can raise a debate here today only as regards additional grants that are in the budget estimates for next year, that is, for 1913-14. The rule, therefore, Sir, causes considerable inconvenience, because the more important grants are generally found in the revised estimates of a closing year, and if a Finance Minister chooses to put it out of our power—I do not say that the present Finance Minister intends to do anything of the kind—to discuss the grants that are made in the year, all that he has got to do is to under-estimate the revenue in the budget, mention no grants, and, once the Financial Statement is out of the hands of this Council, to begin making grants, mentioning them only at the end of the year in the revised estimates! If this is done and if there are no additional grants in the budget for the year following, no question can be raised about the grants made during the year. Fortunately, this year we have got additional grants for education in next year's budget, and therefore we are able today to bring up the whole question of grants for discussion. I point this out because, unless this is remedied, an important object which the Government had in view in expanding the functions of this Council will be frustrated. A small change is all that is necessary. 'Financial Statement' should include not only preliminary estimates for the year following but also the revised estimates for the current year. Sir, this morning I pointed out that, if things continued normal, our real surplus next year will be nearer four millions than 1½ millions which is estimated in the Financial Statement. It will certainly be over three millions, and probably it will be nearer four. Now, the question is, how is this surplus going to be disposed of? It is an old standing controversy between the Finance Department of Government on the one side and certain non-official Members of this Council on the other,—a controversy which has been carried on year after year for several years past, and I fear that it will have to be carried on till the Government comes round to the view which has been so often urged upon its attention. I pointed out this morning, Sir, that a surplus after all is so much more revenue taken from the people than what is really required for the needs of administration. A surplus, moreover, springs from the proceeds of taxation, and therein lies the difference between it and a loan.

A loan is raised by borrowing; a surplus results from taxation. Now, Sir, had our unproductive debt been large, I could have understood the present policy of devoting surpluses to the reduction of debt. Even taking the figure which the Hon'ble the Finance Member gave this morning, namely, 45 millions, everybody will admit that it is a very small amount, considering the extent of the country and its financial resources. Moreover, if you provide a reasonable sinking fund for liquidating this debt, the responsibilities of the present generation in that matter are discharged. I have pointed out already that there is a million and a quarter or rather a million and one-third annually devoted to the reduction of debt as a sort of sinking fund. And, even if our debt is 45 millions, a million and a quarter or a million and a half, devoted every year to its reduction, is a very satisfactory sinking fund, and there is no necessity for any portion of our surpluses being utilized for the same object. My first point therefore is that, taking the smallness of our unproductive debt into consideration, there is no need to liquidate it out of our ordinary surpluses—the provision that already exists for redemption of capital under railways and for reduction or avoidance of debt under famine insurance being amply sufficient for the purpose.

"Sir, my second point is that money is required for non-recurring expenditure in many directions in this country, specially for education, sanitation and medical relief. Schools have to be built and good water-supply in villages and drainage and water works in towns are needed all over the country, and we also want dispensaries and hospitals. These works will require not ten but hundreds of crores of rupees, and the problem could not be satisfactorily dealt with unless the Government made a large regular allotment for this purpose. The Government, however, is reluctant to make a large regular allotment out of current revenues Therefore, I propose another method which, though not equally satisfactory, will be found to answer the requirements to some extent. I pointed out this morning that the excess of our normal revenue over expenditure, taking things as they stand at present, is about 4 millions or 6 crores of rupees. Now what I urge is that two-thirds of this surplus, as also of future surpluses, should be placed at the disposal of Provincial Governments for non-recurring expenditure on the objects I have mentioned. The present policy of making grants for one year only out of the surplus that accrues during that year is a wasteful policy. No one has condemned the policy of doles in stronger terms than the Hon'ble the Finance Member or the Hon'ble Sir James Meston. The Decentralization Commission also has expressed itself very strongly on the subject,—in fact every one seems to be agreed on that point. And the present policy is nothing but a policy of doles. Whenever you have a large surplus, you feel bound to distribute a part of it among the Local Governments, so much to one, so much to another and so on. The result is that there is a great deal of waste. The Local Governments cannot rely upon a continuance of their good fortune, and, therefore, they cannot take in hand any large scheme which requires financing over a series of years. This leads often to ineffective and wasteful expenditure, which no one really deplores more than the Local Governments themselves. The Government of India, on the other hand, can think only of a single surplus at a time, and therefore it is not surprising that it does not bind itself to make any further grant until another surplus is realised. Thus this policy of doles, into which the Finance Department is again drifting—and I say this in spite of my great admiration for the manner in which the Hon'ble Member has been administering our finances during recent years—is a wasteful policy and it must therefore be altered.

"Now, Sir, the only way in which you can alter this policy is by adopting a scheme somewhat similar to what I have ventured to place before you. My proposal is that whenever you realise a surplus, you put aside, if you insist on it, a certain reasonable proportion of it to go to the liquidation of debt. I, for one, do not want really any portion of the surpluses to go to the liquidation of debt. But the Finance Department thinks otherwise; therefore let a certain proportion—not more than one-third—go to the liquidation

of debt. Having done that, let the rest of it be made over to Provincial Governments to form the nucleus of Provincial reserves for non-recurring expenditure on education, sanitation and medical relief. Sir Edward Baker started famine reserves in the different Provinces. That policy has been further developed under the present financial régime. I would like to have another reserve in each Province for the purpose of meeting non-recurring expenditure on education, sanitation and medical relief. What the Government may do is this: if you have a million and a half next year (taking the figure in the Budget Estimates), take half a million for your own purpose, but give the remaining million to the Local Governments, distributing it among them in accordance with some fixed principle of which I will speak later. Let the money thus given remain with the Local Governments. Again, in the year that follows, if a surplus is realized, let two-thirds of it be again added to the different Provincial reserves. When, after a time, the Provincial Governments find that they have built up reserves strong enough to take in hand a large programme of non-recurring expenditure and when they feel that they have enough money to finance such a programme over a series of years, let them begin to carry out such a programme. By this method the wastefulness which is inevitable under the policy of doles will be prevented and the money allotted will be used most effectively. When the Provincial Governments have a considerable amount of money to their credit in this manner, they will feel sure of being able to finance certain schemes properly, till they are carried out. During that time, while they are engaged in carrying out these schemes, more money will be coming in from other surpluses, and thus they will be in a position to take in hand from time to time other schemes. It is only by thus enabling the Provincial Governments to have special reserves at their disposal and to spread their programmes over a series of years that the most useful and the most economical expenditure of the grants made to Local Governments can be ensured.

"Sir, an unfortunate feature of the present policy, which needs special mention, is that a great deal of scramble goes on among the different Provincial Governments as to how to secure the largest share for themselves. In fact, one almost feels that the days prior to 1870, when the decentralization of our Provincial finance first began, are again returning in some respects. It is not the Province that has the greatest need that gets the most, but it is the Province that makes the most clamour, that manages somehow to be heard most, that gets most."

The Hon'ble Sir Guy Fleetwood Wilson: "What about Bombay"?

The Hon'ble Mr. Gokhale: "If the description applies to Bombay, let it apply. I have no knowledge on the subject.

"But I say that this scramble is unfair all round and that is another argument against the present system.

"Sir, if the Government adopted some fixed principle in accordance with which surpluses would be distributed among the different Provincial Governments, not only would this scramble cease, but it would also be one way of redressing those inequalities of Provincial finance to which my friend, the Hon'ble Pandit Madan Mohan Malaviya, drew attention this morning. It is true that we cannot now go in search of any new theoretical standards of equality in distributing the revenues of the country among the different Provinces. But so far as the distribution of surpluses is concerned, we are not committed to any old scales of expenditure, and the Government of India could very well make the distribution in accordance with some fair standard, say, rateably according to the revenues which are received by it from the different Provinces. That, I think, would be a very fair way of distributing the additional grants. Take, Sir, the Education Department, over which you preside. I sincerely rejoice that more money has been found for education. But if the Government sanctions so much money for an educational institution in one Province, so much for an institution in another Province, that does not appear to be a very satisfactory way of spending the amount.

What the Government should do—and I am sure that is what the Education Department wants to do—is to have a comprehensive programme framed after considering the important needs of all the Provinces; and to carry out this programme, as funds are available, the Department should distribute any money that comes into its hands rateably or according to some other fixed principle. And the different Provincial Governments should then be left free to decide on what particular institutions they would spend the money. If the Government of India either in the Education Department or in any other Department takes it upon itself to sanction special expenditure on particular institutions in the different Provinces, of which it cannot, in the circumstances of the case, know much, it is bound to lead to unsatisfactory results. After all the Local Governments are, speaking generally, the best qualified to decide what institutions in their Provinces need or deserve money next. Sir, the recent despatches of the Government of India and the Secretary of State on the administrative changes mention Provincial autonomy as being the goal towards which the Government in this country must advance. It is a momentous declaration. I do not want to enter on this occasion into the uestion which has already been raised in connection with it, namely, whether the expression signifies popular Provincial autonomy or only official Provincial autonomy. Whichever autonomy is meant, one thing is clear, that the Provinces are to be left more and more, under the general control of the Government of India, to administer their affairs themselves. If that is so generally, it must also be so in the matter of spending money. In placing, therefore, lump allotments to the credit of the various Provincial Governments, and allowing them to spend these allotments in such ways as they may deem fit, you will be only carrying out this policy. Sir, I therefore propose that two-thirds of next year's surplus should go to form a nucleus of Provincial reserves, and, as fresh surpluses accrue, two-thirds of them should be added to these Provincial reserves. Sir, I move the Resolution which stands in my name."

The Hon'ble Sir James Meston: "Sir, in the earnest and suggestive speech to which we have just listened, the Hon'ble Mr. Gokhale covered a certain amount of ground on which I am not venturesome enough to trespass. He has, for instance, discussed the methods of distribution of the grants made by the Imperial Government to Provincial Governments for education and other good causes. These criticisms I have little doubt will be dealt with on the day on which the grants are explained, and no doubt his arguments on these points will be met by the Department concerned. But apart from these criticisms, and apart from the constitutional question which he raised at the beginning of his speech, in regard to which I am equally unable to offer any expression of opinion, it seems to me that the Hon'ble Member's speech is divided, like ancient Gaul, into three parts. I do not take them quite in the order in which he did; but he gave us a lecture against doles or fortuitous grants, fortuitous charities, from Imperial revenues. He then went on to urge the importance of giving Provinces some sort of machinery for accumulating these iniquitous doles when they come their way, and keeping them handy for programmes of expenditure when those programmes happen to be ready. And lastly, and most important of all, he reverted once again to his favourite subject, our shortsightedness in building up large surpluses for ultimate use in capital expenditure when there is so much more that we can do with our money in other directions. Well, Sir, first of all in regard to doles, the Hon'ble Member seemed to me to twit the Government of India with a discrepancy between their principles and their practice. He said that doles are bad things in themselves; they are demoralising to Local Governments; they tumble into Provincial revenues at a time when probably there is no scheme ready for their useful employment; and they are mischievous in other ways which he has described. He said that Government knew all this perfectly well and that Government has acknowledged it in the past, but that still unrepenting they continue giving doles. It is perfectly true that the Government of India have set their face against this method of finance and that they have built up the whole fabric of the permanent Provincial settlements as a barrier between

themselves and this fortuitous and unsystematic scheme of Provincial finance. But there are doles and doles. If a Imperial grant is thrown at a Local Government when it does not want it, when it has not any scheme ready for using it, I admit it is open to everyone of the drawbacks that the Hon'ble Member has described. If, on the other hand, the Imperial Government gives subsidies when it is in a position to be liberal and gives them in pursuance of a definite scheme of high Imperial policy, then I hardly think that any Member in this Council could describe these grants as detrimental, even if they have to be given at short notice and in somewhat irregular amounts. The Hon'ble Member would say, I have no doubt, that they fluctuate and that their fluctuations upset the equilibrium of the Provincial finances. The fact is that unless the Imperial grants take the form of a definite share of a regular and recurring source of revenue, they must fluctuate with the capacity of the Government of India to meet them. The Hon'ble Member's own proposal is not free from the objection of fluctuations. Indeed, I am inclined to think, if the Hon'ble Member's proposal is accepted, fluctuations will be greater than they are even now in the existing conditions. It is all very well to promise a Province a share in a prospective Budget surplus, but we all know what happens when the time comes a year hence; that surplus may have been doubled, or trebled; or it may have disappeared altogether. If the Province had calculated on the assistance which we have budgeted for and laid out its plans accordingly, the actual distribution of the money available may cause it very serious and grave embarrassment. I cannot therefore think that there is anything radically wrong in giving these grants when we are in a position to do so for purposes which have been accepted as part of the Imperial policy of the country.

"Nor, to turn to the second of the Hon'ble Member's objects, do I think that, in giving these grants in the way we do, we debar Local Governments in any way from laying out programmes for their proper expenditure. As this Council knows, the budget arrangements of the Imperial Government are very different from those of the Provincial Governments. There is an important and radical distinction which affects this question. Mr. Gokhale, I understand, would constitute something in the nature of an Education Fund, a Sanitation Fund, and so on, for each Province, and to these funds he would credit the Imperial grants, and from these funds he would allow the Local Governments to draw when their programmes are sufficiently forward to require money. If I may say so, there is absolutely nothing in the existing arrangements which would prevent a Local Government from doing everything which he suggests, except that it could not technically constitute a fund. The distinction to which I have just referred between the Imperial and Provincial finance explains why this difficulty is not an important one. The Government of India have to close their revenue accounts to a point every year, and the excess revenue of that year has to be written off the revenue account, so that it is no longer available for ordinary revenue purposes in the next year or in any future year. Now, the Provincial system is entirely different. In the Provinces, your excess revenue is carried into the Provincial balance, and it is carried from the balance to the next year, and it becomes available for expenditure against future years. If you have a grant or a subsidy which you cannot use at the time when it is given, it is passed into the balance and remains there at the credit and the complete command and control of the Provinces. There is no necessity whatsoever for a separate fund for a separate reserve for this class of expenditure. The Local Government can keep a separate account for it if it likes, and presumably it will do so as a matter of course. Meanwhile the money that has not been spent in the year will lie safely in the balance and can be drawn upon next year or the year after or whenever the particular programme is ready for execution. I do not think that anything in the nature of special Provincial reserves is really necessary or in any way desirable. Each Local Government, as I have said, will presumably keep an account of its grants and expenditure; and the Legislative Council of the Province will be at liberty to call for the account, to scrutinise it, and to satisfy itself what progress has been made.

"The third of the Hon'ble Member's points, judging from the position which he assigned to it, is by far the most important in his own

mind. He wishes to see the dissemination of the Imperial surplus year after year among the Provinces for the advancement of education and sanitation and all the other good causes which he has at heart, instead of the retention of our surplus to be ultimately thrown into our cash balance and be available for capital expenditure. In other words, Mr. Gokhale would borrow much more freely than we do, and he would keep a much narrower margin between our revenue and our current expenditure. Now, this brings us back, as he said himself, to the old difference of opinion—I am sure he agrees with me that it is a perfectly honest and reasoned difference of opinion—between himself and the Government of India as regards the reduction of debt. Mr. Gokhale would push on with the great work of educating and sanitating the country with a view to the moral harvest which the future is going to yield. If that prospect were assured, why, he asks, should we worry over the petty anxiety of ways and means; why should our debt not look after itself; why should future generations not bear a burden which we are unnecessarily attempting to lighten for them? Now, there is no one who would accept that happy solution more cordially then we in the Finance Department; but whether it is because we are dealing with hard cash or harder hearts, we look upon these things very soberly and are dreadfully afraid of walking in the clouds. What we do in our humdrum way is to find the means for the good causes which Mr. Gokhale advocates in this Council, but all the time we have to keep an eye upon the growth of our public debt, which is one of the surest barometers of national safety. To keep the growth of that debt within moderate limits, to reduce the volume of our unproductive debt by every means in our power, and to prevent the burden of interest charges from passing as an intolerable load upon the future generation—these we regard as among our paramount duties. I do not for a moment profess to weigh them in the scale against the duty of raising the people and elevating their lot. But this I do say, that without financial caution and without maintaining the present high credit of India, the elevation of our people runs serious danger of becoming an empty hope. Holding therefore as I do, that these doles, as the Hon'ble Mr. Gokhale calls them, that these grants are neither inconvenient in themselves nor unsuitable in form; that it is quite unnecessary to create special Provincial reserves; and that we should be extremely imprudent if we diminished our alread y very moderate Imperial surpluses,—I am sorry that I must oppose the Resolution now before the Council."

The Hon'ble Sir Guy Fleetwood Wilson: "Sir, I will deal with just two points which my Hon'ble friend opposite has raised. I have nothing to add to what has been said by the Hon'ble Sir James Meston, and there are only two points that the Hon'ble Sir James Meston could not deal with. One is, as indicated by him, that considerable portion of the Hon'ble Mr. Gokhale's speech which dealt with the grants for education and which can only be dealt with by the Member in charge of the Education Department, inasmuch as it raises the question of the manner in which the money is allotted by him or by his Department after the money had been placed at his disposal. The second point which my Hon'ble friend was unable to deal with—and it is one which especially interests my Hon'ble friend Mr. Gokhale—is the difficulty indicated in regard to the discussion under the present rules. That point I am not empowered to say much about, but I may say that the point has already received my attention, and I have every hope it will be dealt with the first time that we make amendments to the rules. It would be inadvisable to deal with only one alteration or amendment, but as time goes on we shall no doubt find other alterations and amendments which might be considered necessary. It is for this reason that I cannot give any definite answer at the present moment."

The Hon'ble Mr. Gokhale: "Sir, the Hon'ble Sir James Meston has opposed this Resolution, but I should like to hear his views on the same subject a year hence and in another place. The difference between the present arrangement and the arrangement that would come into force if my Resolution is

adopted, is this. In the first place, the Government of India would be bound to allot two-thirds of its surpluses to Provincial Governments. There is no such obligation now; as a matter of fact, it is a mere matter of chance how much the Government gives to Provincial Governments or when it gives it to them. My view is that a surplus, being so much more money taken from the people, it should be returned to the people either by reducing taxation, or by spending it on objects of public utility. And my suggestion is that the Government of India should be bound to return two-thirds of any surplus, that arises, to the people in the shape of allotments to Provinces for objects that I have already mentioned. Secondly, Sir, I should like to bind the Provincial Governments themselves in their turn to spend the sums which they receive on programmes of non-recurring expenditure connected with education, sanitation and medical relief. I think such an automatic arrangement will give Provincial Governments a greater sense of confidence as regards taking in hand definite important programmes which must be spread over a certain number of years. If special reserves were built up on the lines I have proposed, and if automatically two-thirds of our surpluses go into these reserves, the position of Local Governments in dealing with such programmes would be much stronger than it is at present. The Hon'ble Member asks, what would happen if there is no surplus in any one year? Well, there would be no addition to the reserves in that year, but the Provincial Governments will have started their programmes on the strength of what was already in their reserves, and so those programmes will not be intefered with.

"I think my Hon'ble friend will have to admit that there is an important difference between what would happen if my proposal were adopted and things as they are under present arrangements. As regards what he said about the necessity of maintaining our credit high, well, they are old arguments which have been brought forward on the Government side again and again by him, by the present Finance Minister, by his predecessor Sir Edward Baker, and by his predecessor Sir Edward Law. We have discussed these points again and again, and though the Government has moved to a certain extent from its first position, it will have to move a good deal further before the controversy is over. After all, does anybody really contend that the credit of our country is high or low, according as a small unproductive debt is a few millions less or more? Can any one seriously argue that a debt of 40 millions for this country means higher credit than a debt of 50 millions? The Government of India have been borrowing at the same rate for the last twenty years or so. The last conversion scheme was, I believe, in the days of Sir David Barbour, and there has been no conversion since then. If you have been borrowing at the same rate for the last twenty years, though recent surpluses have enabled you to reduce your unproductive debt considerably, I do not see how a little higher or a little lower debt makes any real difference to your credit. I can understand the argument, which I remember was used in this Council about twenty years ago or thereabout, by a Member of the Government for keeping the unproductive debt low. He said it was necessary to keep down the debt in order that the Government may be in a position to borrow again if a sudden emergency arose on the North-Western Frontier. That was at the time when Indian finance was dominated by the fear of a Russian invasion, and there was then a substantial reason for the policy of reducing the unproductive debt on every possible occasion. But that situation has been profoundly altered, and, with our unproductive debt standing as low as it does, to talk of the necessity of maintaining our credit high in connection with the use of our surpluses is to use, as I once said, Western formulæ, without taking into account the difference between Western and Eastern conditions. Unless the Government allots money out of surpluses to non-recurring expenditure on education and other objects, where is the money to come from? If you go to a Provincial Government, it says it has no money; the Government of India has the money, and I contend that it is its duty to make that money available to the country for the purposes which I have mentioned."

The Council divided:

Ayes—13.

The Hon'ble Pandit Madan Mohan Malaviya, the Hon'ble Nawab Abdul Majid, the Hon'ble Raja of Dighapatia, the Hon'ble Babu Bhupendranath Basu, the Hon'ble Mr Sachchidananda Sinha, the Hon'ble Mr. Haque, the Hon'ble Nawab Saiyad Muhammad, the Hon'ble Mr. Subba Rao, the Hon'ble Raja of Kurupam, the Hon'ble Mr. Gokhale, the Hon'ble Mr. Mudholkar, the Hn'ble Mr. Jinnah, and the Hon'ble Mr. Bhurgri.

Noes—40.

His Honour the Lieutenant-Governor of Bengal, the Hon'ble Sir Robert Carlyle, the Hon'ble Mr. Syed Ali Iman, the Hon'ble Mr. Clark, the Hon'ble Sir Reginald Craddock, the Hon'ble Sir G. Fleetwood Wilson, the Hon'ble Major General Sir M. H. S. Grover, the Hon'ble Mr. Maclagan, the Hon'ble Mr. Porter, the Hon'ble Mr. Sharp, the Hon'ble Mr. Enthoven, the Hon'ble Mr. Wheeler, the Hon'ble Mr. Brunyate, the Hon'ble Sir A. H. McMahon, the Hon'ble Mr. Lyon, the Hon'ble Maharajadhiraja Bahadur of Burdwan, the Hon'ble Mr. Saunders, the Hon'ble Sir James Meston, the Hon'ble Mr. Gordon, the Hon'ble Surgeon General Sir C. P. Lukis, the Hon'ble Mr. Fremantle, the Hon'ble Mr. Vincent, the Hon'ble Mr. Carr, the Hon'ble Mr. Arthur, the Hon'ble Mr. Fyffe, the Hon'ble Mr. Madge, the Hon'ble Sir Rao Chitnavis, the Hon'ble Mr. Phillips, the Hon'ble Mr. Dadabhoy, the Hon'ble Mr. Meredith, the Hon'ble Mr. Shafi, the Hon'ble Khan Zulfikar Ali Khan, the Hon'ble Malik Umar Hyat Khan, the Hon'ble Maung Mye, the Hon'ble Mr. Gates, the Hon'ble Sir Charles Stewart-Wilson, the Hon'ble Mr. Dempster, the Hon'ble Sir T. R. Wynne, the Hon'ble Mr. Kenrick, and the Hon'ble Mr. Kesteven.

So the Resolution was rejected.

The Council adjourned to Friday, the 8th March 1912.

W. H. VINCENT,
Secretary to the Government of India,
Legislative Department.

CALCUTTA;
The 14th March 1912.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO 1909 (24 & 25 VICT., c. 67, 55 & 56 VICT., c. 14, AND 9 EDW. VII, c. 4).

The Council met at Government House, Calcutta, on Friday, the 8th March 1912.

PRESENT :

The Hon'ble SIR GUY FLEETWOOD WILSON, G.C.I.E., K.C.B., K.C.M.G., Vice-President, *presiding*

and 51 Members, of whom 44 were Additional Members.

DISCUSSION OF THE FINANCIAL STATEMENT.

SECOND STAGE.

The Hon'ble Sir James Meston: "Sir, on behalf of the Hon'ble the Finance Member, I beg to open the second stage of the discussion on the Financial Statement, and to introduce the heads which are described in the agenda, *viz.*:—

REVENUE.	EXPENDITURE.
II.—Opium.	1.—Refunds.
XII.—Interest.	4.—Opium.
XV.—Mint.	6.—Stamps.
XXII.—Receipts in aid of superannuation.	10.—Assessed Taxes.
XXIV.—Exchange.	14.—Interest on obligations other than the Public Debt.
XXV.—Miscellaneous.	17.—Mint.
	28.—Civil Furlough and Absentee Allowances.
	29.—Superannuation Allowances and Pensions.
	31.—Exchange.
	32.—Miscellaneous.
	36.—Reduction or Avoidance of Debt.

"I think it was not the intention of the Hon'ble the Finance Member to add in regard to these heads anything to what was said in his speech of Friday last or in the explanatory memorandum."

The Hon'ble Sir Robert Carlyle: "I rise, Sir, to introduce the following heads of the Financial Statement for 1912-13 :—

Revenue.	*Expenditure.*
I. Land Revenue.	3. Land Revenue.
	8. Provincial Rates.
VI. Provincial Rates.	
	11. Forest.
IX. Forest.	
	26. Scientific and other minor Departments.
XXI. Scientific and other Minor Departments.	33. Famine Relief.
	35. Protective Works : Irrigation.
	42A Ditto.
XXIX, XXX. Irrigation.	42, 43 Irrigation.
	45. Civil Works.
XXXI. Civil Works.	49. Capital Outlay on Irrigation.

"I have nothing to tell the Council regarding Revenue or Expenditure under the heads of "Land Revenue," "Provincial Rates" and "Famine Relief" beyond what appears in the Financial Statement.

"I may possibly have some remarks to make as regards Forest Revenue and Expenditure in dealing with the Hon'ble Mr. Mudholkar's Resolution *re* the Inspector-General of Forests, but otherwise there is nothing in the Forest Budget calling for remarks under the head of either Revenue or Expenditure. I mentioned last year that very promising experiments had been made in connection with the preparation of wood pulp for the manufacture of paper. These experiments have been continued this year in connection with the preparation of bamboo pulp. An experiment on a large scale is in consequence of our enquiries about to be made by a private firm, and, if successful, it should greatly improve the position of the paper mills in this country, and also within a few years should very considerably increase our revenues. Enquiries have also been made by the Forest Department in other directions as regards materials for the manufacture of paper, and very promising experiments, but so far in the laboratory only, have been made regarding various kinds of grass which grow in large quantities in India. At present tea boxes are imported to the value of something like 37 lakhs of rupees. Enquiries have been made by the Forest Economist into the matter, which, I hope, will result in the Forest Department being able to provide suitable timber for the manufacture of tea boxes in this country. There have also been considerable improvements in the manufacture of turpentine which will, I hope, ultimately lead to a large development of this source of income.

"Under the head of 'Scientific and other Minor Departments,' I will deal very briefly with —

(1) Survey of India;
(15) Agriculture; and
(18) Veterinary Department.

"Under the head 'Survey of India' it was explained in the Statement submitted on March 1st that the gradual increase in the Survey Departments of India contemplated by the recent reorganisation had been checked. Under that reorganisation scheme, the ultimate expenditure would have risen to 32 lakhs of rupees a year. It is now proposed not to let the increase go above 29½ lakhs of rupees. The Surveyor General was this year instructed that the ultimate budget was to be kept within 29½ lakhs and his actual budget is below 29 lakhs. If the changes now contemplated in the scales of Survey are effected, the cost of the Topographical Survey of the whole of India will be reduced by one crore. This saving in expenditure will be effected by the reduction of the length of time during which it will continue. Under the head of 'Agriculture' the grant to the Inspector-General of Agriculture for agricultural experiments will be reduced from 20 to 10 thousands rupees; and there will be a saving of about Rs. 20,000 mainly due to amalgamation of the establishment of

the Inspector-General of Agriculture with that of the Director of the Pusa Research Institute. There is also a permanent saving of about Rs. 15,000 in salaries owing to the appointments of Inspector-General of Agriculture and Director being amalgamated. On the other hand, expenditure under the Imperial head has been increased by the provision of Rs. 60,000 made in connection with the appointment of an expert in sugar machinery and by a grant of Rs. 10,000 for fruit growing in Baluchistan.

"Under the head of the 'Civil Veterinary Department' there will be a saving of about 20,000 rupees next year by the abolition of the Inspector-General and his office. The saving should ultimately reach Rs. 40,000, but their full effect will not appear till the following year as part of the pay of the Inspector-General's establishment falls within the official year 1912-13. Some expenditure will also have to be incurred for compensation to clerks and others who cannot be provided for in other Departments.

"I may note that some reduction has also been made in the cost of the Revenue and Public Works Secretariats by bringing down only Camp Offices to Calcutta, but this falls under the head of 'General Administration.'

"So far as Irrigation is concerned this is the first year in which we have budgetted for an expenditure on productive works of over 2 crores. This is less than the revised budget of 1911-12, but in the two last years the budget provision has been exceeded, and I hope this may prove to be the case in 1912-13 also.

"The total expenditure on new works, both productive and protective, during the current year is shown in the revised budget as 296$\frac{3}{4}$ lakhs against an estimate for next year of 287$\frac{1}{3}$ lakhs. The total expenditure on all classes of works contemplated by the Irrigation Commission was 44 crores in 20 years or 2·20 lakhs a year. Three years ago as my predecessor in office pointed out the expenditure had not reached the amount contemplated by the Commissioner. It is now about 70 lakhs in excess of that amount. The expenditure on protective works is still below the amount which the Commission recommended. Last year the expenditure on works of this class was only 54 lakhs. This year it is estimated at 58 lakhs against budget provision of 78 lakhs. This very regrettable lapse is due mainly to scarcity of labour owing to plague and other causes in the Central Provinces, Bombay, United Provinces and Bengal. Next year we are providing 75 lakhs and in the following years expenditure should for some time to come not fall short of 100 lakhs, the present limit of our permissible annual expenditure on protective works.

"In regard to Civil Works we are attempting next year to work down to a reduced grant of Rs. 78·80 (excluding 1 lakh for Archæological works) against a grant for the current year of Rs. 87·16 lakhs and an average expenditure for the previous five years of 81·55 lakhs. So far as original works are concerned, the Public Works Department is practically in the position of an agent for other Departments, and as the Post Office, Telegraphs and Customs are as a rule unable to develop their operations without calling for the construction of new buildings, we are very much in their hands. So far as repairs are concerned, it is obvious that the charges under this head must increase *pari passu* with the increase of a number of civil buildings, roads, etc. The estimated charge in 1912-13 is 18 lakhs."

FORESTS.

The Hon'ble Mr. Mudholkar moved the following Resolution:—

'That this Council recommends to the Governor General in Council that the Budget Estimates be reduced by the pay of the Inspector-General of Forests and of the establishment of his office.'

He said: "Sir last year at this time I was in hopes that there would be no necessity for a non-official member of this Council to bring forward such a

Resolution or the other one I shall have to move presently. For years the non-official members of this Council and Indian publicists, alarmed by the continuous growth of expenditure, had been pressing upon Government the urgency of arresting this growth and of effecting economies. The reduction of public expenditure was the burden of many a speech delivered in this Chamber in 1910. Towards the end of January 1911 a Resolution was moved by the Hon ble Mr. Gokhale suggesting the appointment of a Committee, consisting of officials and non-officials, to enquire into the causes which had led to the great increase in public expenditure, both civil and military, that has taken place during recent years, so that means may be devised for the greater enforcement of economy, where necessary and practicable. He was supported by a number of non-official members. In the speech which you, Sir, as Member for Finance, made, you said :—

'What we require is to keep economy constantly in sight, to guard zealously against the unnecessary spending of a single rupee; and to place a curb upon all tendencies to increase public expenditure which is proposed with a view merely to theoretical efficiency or administrative symmetry.'

"While deprecating any putting back of the hands of the clock or precipitancy, you agreed with what Mr. Gokhale had said about the need for caution in the future, and for such ordering of our public expenditure, as would enable us without haste or embarrassment to deal with the new situation as it arises. You opposed the appointment of a Commission on the ground that it was clearly the duty of the Executive Government to set its house in order, and said that the Government of India recognized the importance of doing so and advised the Council to await the result of the unassisted efforts of the Government of India before pressing for an inquisition.

"This assurance and advice were accepted by Mr. Gokhale and his co-adjutors, and the Resolution was withdrawn. Two months later His Excellency the President, in referring to this assurance, observed :

'Economy is ever present to my mind; and I cordially endorse the undertaking that has been given by my Government to examine the whole question of our departmental expenditure, both civil and military, with a view to restraining its growth, as well as to actual reductions wherever practicable. Retrenchment is not always an agreeable task, and it is difficult to reconcile with some of our ideals of administration. But in the present circumstances of India, public economy is the clearest of necessities; and I am confident that its fruits will justify the sacrifice that it may entail.'

"Sir, one year has gone and we now know what economies have been effected. It would be ungracious, it would be eminently unfair, not to acknowledge with thankfulness that the Government have done a great deal to carry out their promise. Our thanks are especially due to His Excellency the Commander-in-Chief for the economies carried out in that most difficult department which is under his special charge. But while admitting with gratefulness all that has been done, we cannot leave out of consideration the fact that much still remains to be done. There is still that great question of the throwing more widely open the doors of the higher branches of the public services to the people of this country, a measure which is demanded as much on grounds of justice as of economy. There also remain certain spheres in which the shears of retrenchment have not been applied as thoroughly as they should have been. I have taken the case of the Forest Department, because it appears to me to be a typical one in which the undertaking given by Government last year could and should have been enforced. Indeed it was said sometime ago that the Government contemplated making the reduction which I am proposing. It has not, however, been effected, and I deem it my duty to press it upon the Government. It involves a question of principle which cannot be overlooked, if the assurances given last year are to be kept in view. The post of Inspector-General of Forests was created in 1864. At that time it was undoubtedly required. The wasteful working of forests which was carried on prior to that period demanded that there should be at the head of the Forest Department a man who would bring to bear on its work a grasp of principles and practical knowledge of what has been done in other countries to protect forests, to control and direct their proper exploitation, and to organize renewals. At that time there was an almost utter absence of qualified men in India. There was not even a properly organized machinery working on any settled principles. Things now stand differently. There is now a highly organized

department consisting of highly trained and qualified hierarchy of Conservators, Deputy Conservators, Assistant Conservators, Extra Assistant Conservators, Rangers, and so on. The upper branch is recruited in England, and consists of men who have received scientific training and practical instruction in India. Dehra Dun has been yearly turning out men of a similar type. So well are the officers of the Department provided with technical education and fortified with the varied experience that service in India supplies, that they are in demand to conduct the management of forests in other parts of the world or to report on the best system for their organization. In Cape Colony, in Uganda, in the Soudan, in Nigeria, in Siam, forest officers supplied by the Indian Government are now applying the lessons learnt in the jungles of India ; in the Straits Settlements, in Mauritius, Cyprus, Ceylon, the West Indies and elsewhere, advice has been given or organization effected by the same agency. The forests of the Indian Empire have also been visited and the methods applied in them professionally studied by officials from France, Germany, Japan and other countries. This is the testimony of a publication of the Government of India, the Imperial Gazetteer.

"The second thing to note is that we have from 1865 brought into existence a complete set of laws, rules, orders, instructions which are as thorough as any existing in the world. The whole thing has been systematised, so that working is rendered very easy.

"Thirdly, the work though of a highly special character, is done by the Provincial and Circle authorities ; settlement, demarcation, surveys, are all done by the men on the spot under the direction and orders of the Provincial and local authorities in conformity with rules and instructions. Working plans have been prepared in the Provinces. Roads and bridges and buildings are all determined there. Protection from fire, from cattle, against injury from natural causes is all done there. Sylviculture and exploitation have to be conducted by men conversant with the localities. One sees little room here for an Imperial official with the Government of India.

"Fourthly, as Forest Revenue has been made wholly provincial, the Local Governments being fully interested, there is no ground for doubting for a moment that they would not allow any revenue to be unnecessarily lost or any waste to be incurred in expenditure.

"Fifthly, the net revenue is not so large as to require the special intervention of the Government of India. The revenue is estimated at 297 lakhs, while the expenditure is 178 lakhs. The net revenue is thus only 119 lakhs which is now wholly provincial.

"Sixthly, we find that many other similar posts have been abolished, for instance, the Inspector-Generalship of Excise and Salt. Now in the Excise the Government of India get one-fourth of the revenue. Salt is entirely an Imperial head. And yet it is not considered necessary to have an Inspector-General. Then the Inspector-Generalship of Agriculture has been abolished. Now the activities of the Agricultural Department are very well known. We have these works carried on in every province by a large staff of officers which is of a very important and useful character, and it is not considered necessary to have an Imperial officer for that purpose. We have, as our main source of revenue, the land revenue, and that is collected without the interposition of an Inspector-General of Land Revenue. Then there is the Customs, which yields over 9½ crores, and there is no Imperial officer required for that. It is an entirely Imperial head, and still no such arrangement is considered necessary. It is said that the Inspector-General is necessary to co-ordinate work. Well, we have got all that was required in the shape of laws, rules and regulations and instructions; and the actual work, as I have said just now, is done by the Conservators and the officers under them. There is that annual publication the Review of the working of the Forest Department which is issued by the Inspector-General of Forests. The whole work therein reviewed has been done by these local officers. There is thus hardly any real necessity for an Inspector-General. To say that the saving would be of a very insignificant character is to miss the whole point. As you pointed out, Sir, if there was one rupee to be saved, that rupee ought to be saved. Well here 95 thousand rupees at least have to be saved. It is an important item. On these grounds, Sir, I commend this Resolution to the Council."

The Hon'ble Sir Robert Carlyle: "Sir, I have not very much to say on this Resolution as it is impossible, as the Council well knows, for the Government of India to take any part in the discussion. It is a matter of common knowledge, it was mentioned in the House of Commons, that the Government of India recommended the abolition of the post and that the Secretary of State did not accept the proposal. The matter is still under discussion, and Local Governments are being consulted. It is impossible for the Government of India to come to any final conclusion till their reports have been received, and when the Government of India have come to a conclusion, if it is still their desire to abolish the post, the matter must again be referred to the Secretary of State. I must compliment the Hon'ble Mover on the great knowledge he has shown in forest matters. Whatever view he may take of the question of abolishing or retaining the Inspector-General of Forests, if all the Members of Council would take the same interest in forest matters as he does, I am quite certain that no Local Government would find any difficulty in getting the consent of the Government of India to any expenditure which may be necessary to develop this very important source of revenue.

"I will only correct one or two slight mistakes which the Hon'ble Member has made. He said the Inspector-General of Forests was quite unnecessary, because all that he did was done by the local officers. That is not quite correct. He mentioned the case of working plans. Well, it is not correct to say that working plans are done entirely by local officers. In the case of Madras and Bombay, that is the case, and it is also the case in provinces where there is a Chief Conservator; but in other provinces, the working plans have got to go to the Inspector-General for examination, and are then returned to the Local Government with his recommendations which may in some cases involve considerable alterations in the plans. Then, again, the Hon'ble Member spoke of the abolition of the post of Inspector-General of Agriculture. That also is not quite correct. It has only been abolished as a separate appointment, and has now been amalgamated with the post of Director of the Agricultural Research Institute at Pusa.

"I must oppose the Resolution, because the Government of India is not in a position to deal with the matter. We must wait until we get the views of the Local Governments before dealing with the matter."

The Hon'ble Mr. Madge: "Sir, I did not intend to make any remarks on this Resolution. The Hon'ble Member in charge has just supplied us with several interesting statements showing that the resources of the country are to be developed by special inquiries which are to be made by specialists. It surely cannot be said that the post of the Inspector-General of Forests ought to be dropped out just as the special inquiries are about to be made. I had hoped to hear from the Home Member that the reduction that has taken place has taken place in Departments that are not headed by specialists in the usual sense of the word. The Inspector-General here is a specialist in this matter, and is of great importance in the Department where special training is needed. I understand that Directors and Inspectors-General of the Departments headed by specialists were to be retained, and I believe that the Departments in which the Inspector-General's posts have been abolished are departments in which ordinary general administrative experience is needed and not special training."

The Hon'ble Mr. Mudholkar: "In view, Sir, of what has fallen from the Hon'ble Sir Robert Carlyle, I do not wish to say much in my reply to what he has said. The matter is, we are told, under consideration, and there is discussion going on on the one hand between the Government of India and the Secretary of State, and on the other between the Government of India and the Local Governments. In these circumstances, I can quite underst nd why the Government would not like to commit themselves to any particular pronouncement on an occasion like this. It is a matter of considerable importance to the whole country that what is now urged is also a thing which is having the consideration of the Government. It is thus not only the view of the non-official members in this Council, or of persons who, it is

often said, cannot know all the inner workings of the Department, that the case of the Inspector-General of Forests is one in which saving might be effected. That was also the view of the Government of India. If the Secretary of State holds a different opinion, we have to remember that that is not the view of the Government of India which being more in touch with facts ought to carry greater weight. That was one of the reasons, Sir, why I brought forward this Resolution, namely, to show that the people in the country who take any interest in these matters are in agreement with the views of the Government of India, that they regard the expenditure under consideration as one in which saving can be effected.

"Now in regard to what my friend the Hon'ble Mr. Madge has said, I have again to point out that the forest revenue is now made provincial, and that the actual work is carried on by provincial officers. There is, therefore, no necessity for this fifth wheel in the coach. This is how it appears to me; and though I am not pressing for a division in view of the circumstances and the facts explained by the Hon'ble Sir Robert Carlyle, I do not agree with my friend, the Hon'ble Mr. Madge. I do not press for a division on this Resolution."

Accordingly the Resolution was withdrawn with the permission of the President.

[*At this stage the Vice-President left the Chair which was then taken by the* **Hon'ble Sir Harcourt Butler** *being the Member appointed by the Governor General to preside in his stead.*]

IRRIGATION.

The Hon'ble Mr. Mudholkar: "I wish to move, Sir, the second Resolution which stands in my name. It runs thus:—

'that this Council recommends to the Governor General in Council that the grant to Protective Works—Irrigation—be increased by fifty lakhs of rupees.'

"Sir, it is not many months since the whole country was trembling with fear at the imminence of a dire famine. The Government and the people were in deep anxiety as to what was coming on. We were threatened with a drought and a failure of crops equal in extent and magnitude to the dreadful visitations of 1876-1878 and 1899-1900. By the mercy of God, we have escaped this calamity. There are parts like Guzrat and Kathiawar which are severely struck and sorely distressed. But the greater part of India has escaped. And even Guzrat and Kathiawar have the consolation of knowing that in their hour of distress the attention of the Government and of the country is directed towards them, and there is on every side genuine sympathy and desire to help. It is natural that at a time like this, members of this Council and all who take interest in public matters should look about and see what progress is made in carrying out the measures which have been laid down authoritatively as necessary for insuring this country against the dire effects of famine. It was with great regret I heard that portion of the speech of the Hon'ble Member for Finance in which he referred to the lapse of over 20 lakhs of rupees in Protective Irrigation Works. The great importance and value of Irrigation in India, the great part which it plays in protecting tracts which are exposed to periodical visitations of famine is admitted on all hands. The Famine Commission of 1879 pointed out the great importance of carrying out protective irrigation works; and it was on the recommendation made by them that the Famine Insurance Fund was created. The subsequent famines of 1897 and 1899 necessitated the appointment of two Commissions—the Commissions of 1898 and 1900—and these Commissions also pointed out the great urgency for action in the matter. They noticed the exceedingly unsatisfactory results in regard to protective irrigation which were apparent till then. Sir, during that period,

the period from 1886 till 1902-03, you find that the amount devoted to protective irrigation is at times as low as 2 lakhs in the whole year. The Irrigation Commission which was appointed in 1901 and which completed its work in 1903 made large recommendations. It practically suggested that the amount of the Famine Insurance Grant which is not taken up in actual famine relief should be applied towards protective irrigation. Since then larger grants have been made to protective irrigation, and we find that sometimes 50 lakhs, sometimes 60 lakhs, and sometimes even more have been allotted to the work. In 1910, the matter was brought before the Council by my Hon'ble friend Mr. Dadabhoy, and in the reply which was given by Sir Lionel Jacob and Sir John Miller. This is what was said in regard to it:—

'On the subject of financing protective works, our system has been to spend on such work just so much of one-half of the Famine Insurance Grant as is not covered by famine relief and by protective railways. The progress of our protective works has not been hampered in the past, and as the fund required has not been large and the financial position on recent occasions of famine has not been so unfavourable as to necessitate a reduction of expenditure on works in progress, the conditions have now so far changed that the demands can no longer be met from the 75 lakhs per annum available for Famine Insurance Grant, and it was to meet the situation that they decided to incur an expenditure of a hundred lakhs under certain conditions.'

"Sir John Miller said:—

'I was most willing to answer to that appeal—(the appeal of the Hon'ble Mr. Subba Rao and the Hon'ble Mr. Dadabhoy)—for spending more on protective irrigation.'

"Sir, last year a grant was made, and we find that the whole amount that was allotted has not been expended. I shall not refer to any individual work. It is possible I might be told that I am referring to a work, neglected in the Provinces from which I come. That however is not the matter to be considered. We have got here this fact that a large amount which is more than 26 per cent. of the entire grant has not been used and has lapsed. Now, Sir, we are told that this was due to want of labour. Sir, this is an argument which I find difficult to understand. I do not question the fact, but I find it difficult to understand why there should be lack of labour in regard to Protective Works alone. We have Productive works, and in regard to Productive works, not only has the entire budgetted grant of 190 lakhs been fully utilised, but we find that 48 lakhs more have been spent. Out of these, I believe about 12 to 18 lakhs have been spent on certain things got from England. But the other and the larger portion was spent all in India on matters on which labour was required. If the Productive Irrigation Works could command labour, I find it difficult to understand why labour was not available for these Protective Works. Then take also the case of the Civil Works. In regard to the Civil Works, the percentage of lapses is exceedingly small as compared to what has taken place in the Protective Works. And there is one further thing, Sir, which I would mention. Ten thousand of our most efficient and capable labourers are sent away from this country to work in foreign lands. Their recruiting is helped in a manner by Government, at any rate it is encouraged, and when there is paucity of labour in India, I ask is it fair that we should allow some of our most capable workers to leave the land. If Government feel it necessary, feel it desirable that because we ought to help the other parts of the Empire, they should give encouragement to the recruiting of labour in India, is it not also their duty through their executive officers to obtain supplies for the Public Works Department whenever that Department finds it difficult to obtain labourers? The importance, Sir, of this question cannot be gainsaid. I go so far as to say that if the wages offered on the Protective Works are not sufficiently high, it is even advisable to pay a higher rate of wages and to exceed the cost even by 10 per cent. or even 15 per cent., rather than allow the money which has been allotted to lapse for paucity of labour.

"We have lost over 21 lakhs in the current year. In the past, the average expenditure during the last 30 years was about 20 lakhs annually. The average expenditure for 1903-04 to the end of 1911-12 was about 48 lakhs annually. It is, however, no use regretting the past. We must

set ourselves to rectify the mistakes which have been committed before. The Secretary of State has sanctioned an expenditure of 100 lakhs if the state of the finances allow. We have now a condition of finance showing surplus. I, therefore, propose that, in addition to the grant of 75 lakhs including the grant for minor irrigational works which is budgetted for the next year, we should have an additional grant of 50 lakhs. I base my recommendation upon this ground: 25 lakhs should be added to the 75 to bring up the amount to 100 lakhs as sanctioned by the Secretary of State: then we shall have lost a little over 21 lakhs on account of the lapses of the last year: I propose that these 21 lakhs which are about to lapse should be restored, and adding 4 lakhs, in view of past short grants, the amount of 50 lakhs should be added to the 75 lakhs provided in the draft budget."

The Hon'ble Sir James Meston: "Sir, the Council must have been impressed by the transparent zeal and enthusiasm with which the Hon'ble Member has pressed the claims of protective irrigation in the Resolution which he has just moved. However much we may appreciate the Hon'ble Member's intentions, I am afraid that the precise proposal in which he clothes them is wholly premature. A few days ago, the Hon'ble Mr. Dadabhoy asked us what is the psychological moment for moving the reduction of taxation. I cannot answer the question. If, however, he or Mr. Mudholkar asks us what is the psychological moment for obtaining more money, I think I can answer him. Provided always that the money is available, the psychological moment to ask for it is when you have spent all the money that you have and want more. That moment has not arrived in the case of protective irrigation, and consequently I have had to describe the motion as premature.

"Let us see exactly how the finances of protective irrigation stand. The fillip which has recently been given to that exceedingly important class of public works dates from the Irrigation Commission's Report of 1903. In that Report the Commission, whose authority has our complete and unqualified respect, recommended a twenty years' programme of irrigation, costing a very large sum indeed—some 44 crores. The programme has, I believe, been accepted as desirable and feasible; the Productive part of it is well under way, and steps have been taken, I think successfully taken, to provide the necessary funds for the Protective part. How marked the progress has been in this latter direction may be seen from the following figures. In 1903-04, the year when the Commission reported, our total expenditure on Protective Irrigation Works was 22 lakhs. It rose steadily, until four years later it was nearly trebled and came to 63 lakhs. After that, however, difficulty was experienced in working up to the annual provision of funds. In the last five years, I find that the average budget allotment was 70 lakhs, and the average expenditure was only 60 lakhs, that is to say, there was an average lapse of 10 lakhs a year, or ½ crore in this period of five years. In the current year, as the Hon'ble Sir Robert Carlyle has pointed out, the total grant was as high as 78 lakhs, whereas the expenditure is not expected to be more than 58 lakhs. For next year our provision is 75 lakhs, and the Hon'ble Mover now proposes to raise this to the imposing figure of 125 lakhs. In view of the actual spending capacity of the Department, as shown by its recent operations, it is perfectly obvious that the provision of this amount would only mean an enormous lapse at the end of the year if we accept the Hon'ble Member's suggestion. In the last five years 60 lakhs were spent against 70, in the current year, we are expected to spend 58 against 78 lakhs, but what are we going to spend against 125 lakhs?

"It is not of course for me to discuss the reason for the inability of the provinces to spend the amounts which have been placed at their disposal. I am sure that there is no disinclination in any quarter to push on with these excellent works; and I may safely leave the Hon'ble Member in charge of the Public Works Department to deal tenderly with the Hon'ble gentleman's scepticism as to the capacity of his Department to carry out their sanctioned programmes.

"However all that may be, all that we can say in this Department is that there is no backwardness in finding money if the engineers can spend it. Up to two years ago we were restricted in our protective finance by the somewhat narrow limits of the Famime Insurance Grant. The money which we could allot for protective works was only as much as was left over in the Famine grant, after the payment of all expenditure on famine relief, and subject to a maximum of 75 lakhs, from which also had to be deducted any small expenditure on protective railways. We have now obtained the Secretary of State's approval to enlarging this field, and to opening a supplementary head for protective expenditure outside the Famine grant. In years where there is no direct charge forFamine Relief, and when we have no serious anxiety about our surplus, we shall be in a position to allot approximately up to a crore of rupees for protective irrigation. When the actual expenditure approaches that figure, it will then be time to consider whether we can profitably make a further advance; but until that time comes, I am afraid that the Hon'ble Member's suggestion, as I have already said, is premature, and must inevitably be opposed by the Government of India."

The Hon'ble Mr. Dadabhoy: "Sir, the principle involved in the Resolution would doubtlessly appeal to all in that it recommends larger expenditure on Protective Irrigation Works. But I fear I am not able to give my support to it. Some time ago, I moved Government repeatedly for larger allotments under this head. Sir John Miller fully sympathised with my object, and I must acknowledge that Government has, after careful consideration, raised the annual allotment to 100 lakhs of rupees. The Secretary of State finally sanctioned a total expenditure up to that amount on Protective Irrigation Works. In the Budget estimate of the current year, as Sir James Meston has just pointed out, 78 lakhs of rupees were set apart for Protective Irrigation Works. For next year, it is slightly more, the usual allotment of 75 lakhs of rupees out of the Famine Relief and Insurance being proposed to be supplemented by an additional grant of 6½ lakhs of rupees. The allotment of 78 lakhs could not be spent in full owing to scarcity of labour and other causes. In the current year, we shall spend about 58 lakhs of rupees, leaving an unspent balance of 20 lakhs of rupees. I do not know if there is any ground for the hope that the labour market will be easier next year or that we shall be able to spend more than what the Hon'ble the Finance Minister proposes to allot for the construction of Protective Irrigation Works. There are at present 23 projects of this kind which are either under construction, awaiting sanction or being examined by the professional advisers of the Government. It is not definitely known how many of these can absorb the proposed larger allotment. If there were definite grounds for the belief that a larger grant would be productive of any practical good, I would have myself moved a Resolution for an extra allotment. But as it is, such grounds are absent. Mr. Mudholkar has pointed out that if labour can be found for productive works, why it should not be available for protective work. The labour question is becoming a serious problem in this country. I am supposed to be an 'irrigation enthusiast', but I want to have materials upon which to found a practical scheme of larger financial support. I shall be glad if the whole grant that is proposed to be set apart for the construction of Protective Irrigation Works be fully used up during the year. I would have been glad if the Hon'ble Mover had adduced facts to justify the conclusion that, having regard to the peculiar circumstances now prevailing, the grant of a crore and a quarter of rupees could be profitably used on construction work.

"The proper utilisation of grants is a point to be considered before they are made, and in this matter of original works, the existence of complete schemes alone will induce Government to set apart more money for construction. Any recommendation for extra liberality can be effectively made only on proof that projects ready to be executed cannot be taken in hand unless more money is forthcoming. That proof is absent. In the Central Provinces, the Tendula Canal Scheme is being financed by Government in a way which hardly leaves room for complaint. In fact the complaint is the other way. The whole amount given has not been spent this year. I do not know of

other provinces, but from the explanatory memorandum I gather that in Behar and the United Provinces work has been slow this year on the Tribeni Canal in the one province, and the Dhasan Canal and Ganges Dam in the other, and that, not for any want of funds, but from dearth of labour and other causes. This account of the year's progress does not encourage the hope that more money, if allotted, will be usefully spent. Though I readily acknowledge that Mr. Mudholkar has done a service by keeping this subject prominently before the Council, in the circumstances I have stated above, I am unable to support my friend's Resolution."

The Hon'ble Sir Robert Carlyle: "In spite of the best efforts of our Irrigation Officers we have not been able hitherto to spend in any year on Protective Irrigation Works a larger sum than Rs. 65 lakhs. As the Hon'ble Sir James Meston has pointed out, the average annual grant during the past five years has been 73 lakhs against which the average expenditure has been barely 60 lakhs.

"When discussing the Financial Statement for 1909-10, the Hon'ble Mr. Miller explained why some years must elapse before the expenditure on Protective Works would exceed 75 lakhs, the limit of expenditure at that time. To the explanations then given, I would add that whereas Protective Schemes are situated for the most part in flat alluvial country, those of a protective nature are generally to be found in more rugged and hilly tracts, which naturally present much greater difficulties in the preparation and execution of an irrigation project.

"The very fact that a large portion of the grant has lapsed in the Central Provinces shows the great difficulties that have to be overcome. I do not believe there is in India a greater enthusiast in the matter of irrigation than my Colleague, Sir Reginald Craddock, who was assisted in the administration by a very capable and zealous Chief Engineer.

"At present the more important protective works which we have in hand are the Tendula in the Central Provinces, the Godavari and Pravara in Bombay, the Gangao Dam in the United Provinces, the Tribeni in Bengal, and the Mopad in Madras. For these and other lesser important works, we propose to provide 75 lakhs for 1912-13. This is as much as we can reasonably hope to spend.

"We hope, however, in the very near future to be in a position to spend the full sum of 100 lakhs on protective works. We have now submitted an estimate, amounting to more than 2½ crores, for the Nira Right Bank Canal in the Bombay Presidency, for the sanction of the Secretary of State. The expenditure on this project should be at the rate of about 25 lakhs a year. We hope also that several other less important works now under consideration will soon be sanctioned. We shall then be in a position to spend 100 lakhs a year on works of the protective class.

"While sympathising most deeply with the motives that have led the Hon'ble Member to move his Resolution, I must emphasise the fact that we could not spend the money he asks for. I would ask the Council to accept my assurance that, while Government must oppose the Resolution, they fully appreciate the importance of the matter, and so long as I fill my present post, I will not relax in my efforts to develop irrigation, whether protective or productive."

The Hon'ble Mr. Gokhale: "Sir, I rise simply to congratulate the Hon'ble Mr. Dadabhoy on his conversion to the official view of things in this matter. The conversion is comparatively recent, because, Sir, I remember a debate which took place in this Council four years ago, in which my Hon'ble friend made precisely the same complaint about the policy of the Government that the Hon'ble Mr. Mudholkar has made to-day. Mr. Dadabhoy was then handled somewhat roughly by the Hon'ble Sir John Miller, as those who were present on the occasion may remember. This is what Mr. Dadabhoy said at the time:—

'When the Government is moved for an additional grant, sufficient to cover the accumulated arrears, the prayer is refused on the score of impracticability. 'The money could not be spent!' That may be a satisfactory reason from the official point of view, but is singularly unconvincing in view of the extra lavish expenditure, sanctioned for the Army and Public Works of at least doubtful utility and urgency.'"

The Hon'ble Sir Guy Fleetwood Wilson : "Sir, I have little to add to the interesting discussion that has taken place. I am in full sympathy with the object which the Hon'ble Mover of this Resolution has in view. Our large protective Irrigation works are of the highest value in defending from the ravages of famine the areas which they serve, in saving the harvests, in preventing suffering and death, and in advancing the general well being of the country. For such an object, it would be far from my desire to withhold funds whenever they can be profitably expended. The only reason why I cannot accept the Resolution is that it points to what is at present an unattainable ideal. The day may come when we shall be able to spend 1¼ crores—the figure which the Hon'ble Mr. Mudholkar's Resolution implies—on protective works every year. But that day has not come yet; and up to the present there have been difficulties in spending the allotments which we have provided. It is not for me to apportion blame for whatever failure there may have been in this respect. If the Department concerned is consulted, I have little doubt that they will be able to give the Hon'ble Mr. Mudholkar excellent reasons for the slow rate of progress of which he complains. All that I am concerned with is the provision of money; and it would obviously be useless to budget for an amount which, as all our past experience indicates, could not possibly be used during the year. I fear that I cannot accept the Resolution. No good result could accrue if I did."

The Hon'ble Mr. Mudholkar: "Sir, I must be grateful to the Hon'ble Member in charge of the Public Works Department, to the Hon'ble Member in the Finance Department and to the Hon'ble the Secretary in the Finance Department for the sympathy they have expressed with the object of my Resolution. So far as the Resolution however itself is concerned, it is rather sympathy of a Platonic type, However, it is good so far as it goes, on account of the authority from which it comes. It is admitted by the Members of the Finance Department that the ideal which I have put before them is one which commends itself to them. They do not accept it just now, because it is an unattainable ideal, and the ideal is unattainable because they say the grant that was made only last year was not fully utilised. Now, Sir, I am sure that the grant of 78 lakhs made last year would not have been included in the Budget by the Finance Department unless it was pressed upon them by the Hon'ble the Member in charge of the Public Works Department. And the Hon'ble Member in charge of the Public Works Department, in his turn, would not have asked for the inclusion of the grant in the Budget unless those who were to carry out the works when the required money was forthcoming had not assured him that the grant would be utilised. This is what appears to me to be the crux of the whole question. Why was the grant of 78 lakhs made if the people who were to carry out the thing were not prepared for it? The only reason that has been advanced so far is the scarcity of labour. To meet that excuse I put the question: Has any other kind of work at all been delayed? Has it been at all put off? Has it suffered on account of scarcity of labour to the extent that protective irrigation has suffered? To that no answer at all is coming forward. My friend, the Hon'ble Sir G. F. Wilson, said that my ideal was an unattainable ideal. But I am sure the ideal laid down by the Secretary of State would not certainly be called unattainable, the ideal which was laid down by the Secretary of State on the recommendation of the Government of India, on the strong pressure of the Government of India. They recognised that one hundred lakhs of rupees a year is a thing which Government may well provide whenever the state of the finances allows. Now what more do I ask? I only ask that the 21 lakhs which should have been spent in the current year, and were not spent, should be made available; and that to that should be added the 25 lakhs which the Secretary of State contemplated should be added, to the 75 lakhs which was considered till then the maximum. Now to ask that the work which should have been done in the current year should in the coming year be done by the agency of extra labour, to ask that the ideal which the Secretary of State has laid down should be kept in view, is that, Sir, to be called an unattainable ideal? I do not think that my suggestion deserves that description. If in a matter in regard to which the

persons who are responsible for making provision and the persons who are to be benefited agree in laying down a certain amount, and the full provision is not utilised, the fault certainly does not lie with the person who makes the suggestion or the provision, but with those who did not carry out what it was their clear duty to carry out.

"Now in the speech which my Hon'ble friend Mr. Dadabhoy has made he has, as has been pointed out by the Hon'ble Mr. Gokhale, taken up a position which is not easily reconcilable to that which he took up in the Council in the years 1909 and 1910."

The Hon'ble Mr. Dadabhoy: "Sir, I am afraid I am absolutely misunderstood by the Hon'ble Member. No doubt my sympathies are entirely, as I pointed out, with the principle of the Resolution. I should not be misunderstood. I have opposed the Resolution, because I am satisfied that the Government in all its liberality has made an adequate grant for Protective Works, but when we are not in a position to spend the full amount of the allocated grant, it is useless to ask for an increment. I am entirely in sympathy with the principle of the Resolution, but when the amount cannot be utilized, it is no use crying for more money."

The Hon'ble Mr. Mudholkar: "In regard to what has fallen from my Hon'ble friend Mr. Dadabhoy, I would only remind him of what he said in 1910. He said that there was no force in this plea of scarcity of labour, and I am now asserting the same. Probably his views have undergone a change, but I am sorry to say that I am an unrepentant sinner in this matter. What I have again to point out in regard to Mr. Dadabhoy's observations is the weakness of the reasons. He says that the plans are not ready. First of all that is not what the Government have said. Secondly, why was an allotment of 75 lakhs made if the plans were not ready?"

The Hon'ble Mr. Dadabhoy: "I did not say anything about plans not being ready. I should not be misinterpreted. My Hon'ble friend is perfectly justified to comment on my speech, but he should not ascribe to me words which I have never uttered in this Council."

The Hon'ble Mr. Mudholkar: "Sir, I must take my friend's correction of himself. In my observations I have taken into account what he said in the past and what I have taken down when he was making his remarks; possibly I may have misunderstood him.

"But to resume the discussion. We are told that the Government of India have done all that they could do: and this though it is not shewn why the grant for the last year was allowed to lapse. We are still in the dark as to the reasons for not working up to the standard laid down by the Secretary of State, and there is no real explanation coming forward. Now one of the reasons why I put down that the grant for this year should have been raised by one hundred lakhs irrespective of the lapse of last year was this. There are a number of projects which it is high time are taken up. In regard to the Nera Project, I am glad to see from what the Hon'ble Sir Robert Carlyle has said that the matter has gone up to the Secretary of State for sanction. This is one of the projects which appeared to me as deserving of being taken up. Now if there is a project which would require 25 lakhs a year, and if that project has been submitted to the Secretary of State, my proposal that we should work up to a hundred lakhs without reference to the lapses of last year's is not certainly unattainable. What is stated by the Hon'ble Member shows that it is a thing which is quite within the bounds of attainment. My difficulty, as I said all along, has been this. Why labour could not be brought from other parts for protective works in the manner in which it has been brought for other works which have not been allowed to suffer on account of lapses; and so long as there is no satisfactory answer given to this question, there will be the uncomfortable feeling of failure of duty on the part of the department. Sir, I must confess I am unable to understand why protective works are not worked up to the standard to which my Hon'ble friend has referred.

"Another difficulty which was pointed out in regard to working up to the plans was the rugged nature of the country. That again does not at all

meet my objection. I am sorry I am obliged to repeat the thing over and over again. I have said that 21 lakhs which have lapsed were provided for because there were projects ready, projects which were believed to be capable of being carried out during the year.—"

The Hon'ble Sir Robert Carlyle: "May I explain, Sir? I did not mean that. When I referred to the difficulty of preparing schemes in difficult country, I only mentioned it to explain the difficulty of spending large sums quickly. I was not referring to the lapses this year."

The Hon'ble Mr. Mudholkar: "In regard to what Sir Robert Carlyle has said, Sir, I want to say that I have explained that the 125 lakhs asked by me are only for this year. I have said that every year we should work up to the standard laid down by the Secretary of State, namely, 100 lakhs, and with the Neera project in view, we can certainly work up to the standard of 100 lakhs. The 21 lakhs which lapsed last year, I say should not be permanently lost to the country. I therefore again urge my Resolution for the consideration of the Council."

The Resolution was put and rejected.

EDUCATION.

[*At this stage, the Hon'ble* SIR GUY FLEETWOOD WILSON *resumed the Chair.*]

The Hon'ble Sir Harcourt Butler: "Sir the additional grants for education in 1912-13 will amount, as was stated by the Hon'ble Mr. Gokhale, to 125 lakhs, of which 60 lakhs will be recurring.

"I have already in reply to the Hon'ble Mr. Gokhale stated the distribution of the 50 lakhs recurring grant announced at the Coronation Durbar.

"The remaining 10 lakhs of the recurring grant will be distributed as follows:—

(*a*) 3 lakhs to Universities, *viz.*,
to Calcutta and Madras Universities, each 65 thousand;
to Bombay and Allahabad Universities, each 45 thousand;
to Lahore University, 35 thousand;
to the future Dacca University, 45 thousand.

(*b*) 6 lakhs to aided English Secondary schools, mainly for improving the staff, *viz.*,
to Madras, 80 thousand;
to Bombay, 60 thousand;
to Bengal, 1½ lakhs;
to the United Provinces, the Punjab and Behar, each 60 thousand;
to Burma, 40 thousand;
to the Central Provinces and Berar, 35 thousand;
to Assam, 30 thousand;
to the North-West Frontier Province, 25 thousand.

(*c*) 1 lakh will be held in reserve for the present.

"The 65 lakhs non-recurring will be distributed as follows:—

(*i*) 16 lakhs for Universities, *viz.*,
to Calcutta and Madras Universities, each 4 lakhs;
to Allahabad and Bombay Universities, each 3 lakhs;
to the Punjab University, 2 lakhs.

(*ii*) 4 lakhs for special institutions, *viz.*,
the proposed Islamia School and College at Peshawar and the Victoria Technical Institute, Bombay, each 2 lakhs.

(*iii*) 10 lakhs for hostels in Calcutta.

(*iv*) 10 lakhs for the completion of a residential scheme in Dacca and for the future University.

(*v*) 25 lakhs for hostels other than those in Calcutta and Dacca, *viz.*,

to Madras, 4½ lakhs ;
to Bombay, 3 lakhs ;
to Bengal Presidency outside Calcutta, 4 lakhs ;
to the United Provinces, 3½ lakhs ;
to the Punjab, 2½ lakhs ;
to Burma, 1½ lakhs ;
to Behar, 3 lakhs ;
to the Central Provinces and Berar, 1½ lakhs ;
to Assam, 1 lakh.

Half a lakh will be held in reserve for the present.

" The grants, both recurring and non-recurring, for Universities and the grant for the Calcutta and Dacca schemes of hostels and the Islamia School and College at Peshawar are subject to the submission and approval of schemes, and the grant to the Victoria Technical Institute, Bombay, is subject to the approval of a scheme by the local Government.

" Inclusive of the non-recurring grant made a year ago, the additional grants made or to be made for education during the years 1911-13 amount to 215 lakhs, of which 60 lakhs are recurring.

" Statistics showing educational progress have already appeared in the *Gazette of India*. I now lay on the table a brief descriptive summary.*

" The special grants for sanitation amount to 60 lakhs, of which 50 lakhs are for distribution to provincial Governments, and 10 lakhs for Research and Prevention work.

" Grants to local Governments will be distributed as follows :—

	₹
Madras	8,00,000
Bombay	6,50,000
Bengal	7,25,000
Behar	4,62,000
Assam	1,46,000
United Provinces	8,00,000
Punjab	6,17,000
Burma	4,00,000
Central Provinces	4,00,000

" This allotment is based mainly on a consideration of the proportionate urban population together with the special needs of the new provinces and the necessity for special help to backward areas. In addition to this grant of 50 lakhs, 2 lakhs and 77 thousand are allotted to the minor provinces, namely,—

1,50,000 to Ajmer-Merwara,
75 000 to North-West Frontier Province,
50,000 to Bangalore,
and 2,000 to Coorg.

" Of the 10 lakhs grant for Research 4 lakhs will be expended on refitting and extending laboratories as follows :—

(*a*) Parel Laboratory, Bombay—2 lakhs for the extension of research work and for starting teaching classes.

(*b*) Grant towards a Bacteriological Institute in Burma in connection with the proposed Pasteur Institute at Maymyo—2 lakhs.

" Six lakhs will be granted to the Indian Research Fund. Of this ₹50,000 will be expended on the purchase of houses and land in connection with the extension of the Central Research Institute at Kasauli and ₹50,000 will be given as a grant to Fraser Town, Bangalore, for further extension of rat-proof buildings as an experimental measure against plague. The remaining five lakhs are for experimental work and measures against malaria and yellow fever. A governing body has been constituted in connection with this fund presided over by the Hon'ble Member for Education, and a scientific advisory board has been elected by the Governing Body, which advises on all matters requiring scientific investigation. The following steps have been taken to carry out the objects of the fund, the nucleus of which was 5 lakhs granted in 1910-1911.

* *Vide* Appendix No. 1.

"Major James, an officer of the Indian Medical Service, has been deputed to inquire into the causes of yellow fever in the endemic area in view of the danger to which the East will be exposed on the opening of the Panama Canal.

"Captain Mackie has been deputed to investigate kala azar, and a third officer is to take up the question of the investigation of cholera on new lines. With the additional grant of five lakhs which has now been made matured schemes against malaria will be carried out and an anti-mosquito survey made in the chief ports in India in order to carry out measures necessary to prevent the importation of yellow fever.

"The Central Research Institute at Kasauli has been reorganised at an additional recurring cost of close on ten thousand rupees a year and separate Bureaus constituted. The additional grant of 50,000 rupees mentioned above will be devoted to the purchase of land and buildings necessary for rounding off the estate and providing for further expansion. The institution has developed greatly under the able administration and guidance of Sir David Semple and its permanence and future prosperity are now assured.

"A scheme for the reorganisation and improvement of the sanitary services has been submitted to the Secretary of State and a grant of $2\frac{1}{4}$ lakhs has been sanctioned towards its introduction when approved.

"A grant of 25 lakhs has been given for water works and drainage works in the city of Madras. One hundred and forty-five lakhs in all are required to complete the extensive schemes now in progress and the lump grant given will be a substantial contribution towards the balance required.

"During the last two years the Imperial grants for sanitation exclusive of 75 lakhs for city improvement in Bombay and Madras have aggregated $116\frac{1}{2}$ lakhs.

"The first of the All-India Sanitary Conferences was held at Bombay in November 1911, and was attended by 29 delegates from the different provinces including a representative from the Ceylon Government. It is proposed that these conferences should be annual. The report of the first conference will, it is hoped, shortly be published.

"Surgeon-General Sir Pardey Lukis will lay a Memorandum on the table* and explain to Council the nature of the research work which is being carried on.

Museums.

"This Department is responsible for the Zoological and Anthropological section, and the Archæological section of the Central Museums. For some years past the finances of these sections in the Indian Museum, Calcutta, have been on an unsatisfactory basis. In addition to special non-recurring grants made during the year, a recurring grant of ₹17,100 per annum has been made to the Zoological section, and a grant of ₹4,000 to the Archæological section. As a result the future financial outlook of the Museum should now be satisfactory."

SANITATION.

The Hon'ble Surgeon General Sir C. P. Lukis: "Sir, I lay upon the table the Memorandum * alluded to by the Hon'ble Member in charge of the Department of Education and in connection therewith I shall with your permission make certain remarks with special reference to medical research in this country.

"Sir Harcourt Butler in his presidential address at the meeting of the first All Indian Sanitary Conference at Bombay aptly remarked that the basis of all sanitary achievement in India must be a knowledge of the people and the conditions under which they live. This remark, it must be remembered, applies not only to their habits and their customs, but also to their surroundings. In European countries the situation may be summed up by saying that the three essentials are pure food, pure air and pure water, but in the Tropics, as Sir Patrick Manson has pointed out, a large proportion of the so-called tropical diseases are conveyed from one person to another by

Vide Appendix No. 2.

means of various biting insects. For this reason out here we cannot be satisfied merely with the ordinary sanitary measures which deal with drainage, conservancy and water supply: it is absolutely necessary that we should carry out investigations into the life histories of the various insects with a view to ascertaining which of them are actual carriers of disease and to devising means for protecting human beings from their attacks.

"This work is now being quietly and steadily carried out both in our various Research Institutes and in the field under the auspices of the Plague Commission and the Indian Research Fund, and in view of its importance, I propose to-day, with your permission, to place before the Council as briefly as possible a statement of what we have done in the past and what we hope to accomplish in the future.

"The five diseases with which I shall deal, all of which we know to be conveyed from man to man by biting insects, are (1) Malaria, (2) Yellow fever, (3) Plague, (4) Sleeping Sickness and (5) Kala Azar.

"*Malaria*, as Sir Ronald Ross has shown, is conveyed from man to man by certain species of the common dapple-winged mosquito or *Anopheles*, and there can be no disputing the truth of the axiom that if there were no mosquitos there could be no malaria. But it is obvious that any attempt to completely exterminate the mosquitos in this huge country is pre-doomed to failure, and therefore it was considered advisable before recommending to Government expensive schemes of doubtful utility to make careful researches with a view to ascertaining what are the dangerous species of mosquitos from the point of view of malaria, what are their habits and where are their breeding places. Thanks to the labours of research workers all over the country we are now in possession of a mass of valuable information which leads us to believe that whereas wholesale destruction of mosquitos without any definite plan of campaign would be mere waste of time and money so far as malaria is concerned, on the other hand systematic anti-mosquito measures in carefully selected localities are likely to be crowned with success. Take for instance the case of Bombay, the researches of Liston, McKendrick and Bentley have shown that the malaria prevalent in that city does not arise from the swamps which surround it, but that the infection is carried by a certain species of mosquito of extremely domestic habits which lives and breeds in the wells that abound in the courtyards of private houses. Recently too Major Christophers has shown that the malaria in the Andamans is largely due to a species of mosquito which breeds in the brackish pools on the seashore and that the mosquitos inhabiting the rice fields and the surrounding jungle are perfectly harmless. I need hardly point out to the Council how much this has simplified the problem before us.

"Whilst these and other investigations have been in progress Major Christophers has been training at Amritsar a body of skilled workers who have been taught how to distinguish the various species of mosquito, how to find out their haunts and how to dissect them in order to detect the presence of malarial parasites. At the same time we have been carrying out careful malarial surveys of certain selected towns, so that we are now fully prepared to start a definite anti-mosquito campaign with reasonable prospects of success. On the other hand if we had commenced our proceedings by an indiscriminate slaughter of possibly innocent mosquitos, we should have wasted large sums of money and probably have brought anti-mosquito measures into undeserved disrepute.

"*Yellow Fever* again is a disease which is conveyed from man to man by another species of mosquito—the *Stegomyia*—which is the common striped or tiger mosquito with which Hon'ble Members are all familiar. The Council has heard that Major James has been sent to Panama to devise measures for keeping the disease out of the country, but it is also necessary that we should take measures for stamping it out if ever it obtains a foothold. With this object we propose making a careful Stegomyia survey in all the principal ports with a view to ascertain the breeding places of these mosquitos and if possible to destroy them before the disease reaches the country. If we can only free our ports of these insects, there is no fear that any cases accidentally introduced will act as centres of infection or that the disease will spread.

"We now come to *Plague*. When I pointed out to the Council two years ago that, so far as bubonic plague is concerned, the infection is conveyed by the rat-flea and that prevention in this case is very largely a question of domestic hygiene as distinguished from general sanitation, I was taken to task by certain sections of the Press, but, Sir, accumulated experience and recent observations all tend to show that so far as bubonic plague is concerned, conveyance by the rat-flea must now be regarded as an accepted fact and not merely as a theory. The Council is aware that there are many localities, especially in Madras, Eastern Bengal and Assam and the United Provinces, which hitherto have not been attacked by Plague. During the past year careful enquiries have been made by officers of the Plague Commission into the causes of this local immunity, and it has been clearly proved that wherever this immunity is found, one of two conditions exists—either the climatic conditions are unfavourable to the multiplication of fleas, or else the habits of the people conduce to scarcity of rats in the houses. Surely, Sir, this is strong confirmation, if any confirmation were needed, of the truth of the rat-flea theory. I must also mention two other important observations by officers of the Plague Commission. When Plague invades a town or village, it is usually conveyed either by fleas carried in the clothes or bedding of persons coming from an infected area, or else the fleas are brought in with bags of grain which have been in contact with infected rats. Captain Cunningham's experiments at Parel have shown that fleas in clothes or bedding can be destroyed without any expensive process of disinfection—all that is necessary is to expose the articles to the action of bright sunlight for several hours. This process is obviously unsuitable for bags of grain, but experiments are now in progress at Parel which will, I hope, solve the problem of how to kill the fleas without damaging the contents of the bags.

"*Sleeping Sickness.*—This disease is spread in Africa by the Tsetse fly, and up to the present it has not extended to India. Indeed many persons hold that it can never do so, seeing that Tsetse flies do not exist in this country. Recent events however in Rhodesia lead one to think that the Tsetse fly may not be the only carrier. Moreover, in these days of rapid communication, there is no certainty that it may not ultimately reach our shores and once it reaches then there is no reason why it should not spread and multiply even more rapidly than rabbits have muitiplied in Australia. For this reason the study of medical entomology is included in the programme of work to be done under the auspices of the Indian Research Fund, and the biting flies of India will receive special attention.

"The last disease I wish to mention is *Kala Azar*, or, as it is sometimes called, Dum Dum Fever. This is a chronic and usually fatal disease, associated with great enlargement of the spleen, which was formerly supposed to be malarial in its origin. In 1904, however, it was shown by Leishman and Donovan to be due to a parasite which is totally different in its nature from that which causes malarial fever, and there is strong evidence that the anopheles mosquito is not the carrier in this case.

"There are several points in connection with this parasite which require further investigation, and these are now being taken up by the officers working under the Research Fund. In India there are two varieties of this parasite—one of them causes the fatal disease known as Kala Azar, whilst the other gives rise merely to a local sore, which is known by various names in different parts of the country, such as Delhi boil, Sindh sore, etc., and there are reasons for believing that the two parasites are mutually antagonistic. This is a point on which we seek to obtain accurate and scientific evidence, for, if the antagonism is proven, then it may be possible to protect patients against Kala Azar by inoculating them with the milder disease, just as we vaccinate people to protect them from the ravages of small pox.

"The next question is what insect acts as carrier in this disease Captain Patton, as the result of his observations in Cambay and Madras, holds that the common bed bug is the carrier both of Oriental sore and of Kala Azar, and he has advanced strong evidence in favour of his view. Other observers however incri-

minate the house fly, the tiger-mosquito and sand flies so that further observations are clearly necessary. These observations have been rendered even more necessary by the recent discovery that there is a third variety of the parasite occurring on the shores of the Mediterranean and affecting chiefly children, giving rise to what is known as infantile Kala Azar. This disease has been shown to exist also in dogs, and it appears probable that it may be conveyed from dogs to human beings by means of the dog-flea.

"So far it has been found impossible to infect dogs in India with the Indian variety of the parasite nor has it been proved to occur in them naturally. It is obvious however that a more extensive examination of dogs in Kala Azar districts in India is clearly indicated, and this examination will now be undertaken.

"Time will not allow of my saying more on this important subject, but I think, Sir, that I have said enough to show that money allotted for medical research in India is money well spent and also that the officers serving under me are making steady progress towards the elucidation of the difficult problems with which they are confronted."

EDUCATION.

The Hon'ble Babu Bhupendranath Basu: "Sir, I intended to move a Resolution calling the attention of the Council to the hard conditions under which the Indian officers labour in connection with the Indian Education Department, but I find that I am confronted by a difficulty which it is not easy to get over without crippling my Resolution to a considerable degree. I can only deal with the conditions which prevail in Coorg, in the Central Provinces and Berar, and I might, I believe, only approach the question of my friend the Hon'ble Mr. Sharp whom I am afraid to touch. Under these circumstances, I withdraw my motion and shall bring it forward by way of a Resolution at a future meeting."

The President: "The Resolution is, with my permission, withdrawn."

ARCHÆOLOGY.

The Hon'ble Mr. Mudholkar moved the following Resolution:—

'That this Council recommends to the Governor General in Council that the Budget Estimates be reduced by the pay of the Director-General of Archæology and the establishment of his office.'

He said:—"In the remarks, Sir, which I made in moving my Resolution on the reduction which could be effected in the Forest Department, I mentioned the reasons why that Resolution and this Resolution are brought before the Council. It is to give fuller effect to the undertaking given by Government last year: it is for the purpose of carrying out the principles, then laid down, that thee matters are brought before the Council. We know that in this matter Government have taken action, and they, have done what they could. The matter is still between them and the Secretary of State. The Secretary of State, so far as I can understand, seems inclined to take a view different from that of Government; but as we believe, as I for one believe, that Government are doing the right thing in this matter as in the matter of the Inspector-General of Forests, I think it is best that expression should be given to this view. The Department is one which is a very small one, and we do not see the necessity of a Director-General of Archæology. Nobody denies the necessity of preserving monuments; nobody can feel more proud of them than I and those who hold the views I do, do; but we do think that this work can be left to be done by the different provinces. As a matter of fact it is done by the persons who are actually working in the provinces, and it is not necessary to have a Director-General for it."

The Hon'ble Maharajadhiraja Bahadur of Burdwan: "Sir, I oppose this Resolution on the ground that, although the pay of the Director-General of Archæology as well as the cost of the establishment of his office cannot be very large, it has done good work in the past, and now that the seat of the Government of India will be at Delhi, it is all the more necessary that Government should realise and understand the necessity of having a central controlling authority over the ancient monuments of India. I fully admit that Provincial Governments, since the time this post was brought into existence under Lord Curzon's regime, have done a great deal of good work regarding the preservation of ancient monuments, but I think that in this matter central supervision is essential, as I have known instances even after the appointment of this Director-General where it had been necessary to prompt different Local Governments to maintain properly these ancient priceless monuments of India. For these reasons, Sir, I think that we should have this Director-General and his establishment in existence, and therefore I oppose this motion of Mr. Mudholkar."

The Hon'ble Sir Harcourt Butler: "Sir, the Hon'ble Member will hardly expect me to accept on behalf of the Government of India a proposal which in some form—a very different form, it is true—has recently been rejected by the Secretary of State, and I must accordingly oppose this Resolution. But I think I owe it to him and to this Council to make a statement as to the policy of the Government of India in respect of archæology, especially since grave misunderstanding has arisen in certain quarters on important matters of fact. From statements which have appeared in the Press both in England and in India it would appear that the Government of India contemplated a reversion to conditions existing before the appointment of a Director General of Archæology, that we wished to divest ourselves of our interest in archæology and curtail our expenditure thereon, that the expert archæologists now in the department would be disbanded or reduced in number, that the publications of the departmennt would be discontinued or cut down, and that the ancient monuments and archæological work generally in India would be made over to non-expert hands. For none of these assumptions has there been any foundation whatsoever in fact.

"The Government of India are deeply interested in the work of archæology, and they have abundant evidence that their desire to preserve the grand archæological treasures of India, to excavate and conduct research into the ancient history and monumental archæology of India, has the whole-hearted support of all who are interested in India, who are proud of its past. We recognise the great work to which Lord Curzon gave such well-directed stimulus, and we are resolutely determined, within the means at our disposal, to carry it forward. While realising that much has been done we were also convinced that much remained to be done. We were particularly impressed with the importance of training Indians on the most modern lines for all branches of archæological work, and we thought that sufficient had not yet been done in that direction. Given equal opportunities we believe that in time Indians who live in India will be able to rise to the front rank in archæological work. We have in India in the Archæological Department and outside it not a few really eminent European scholars and specialists in monumental archæology who are more than capable, under suitable conditions and opportunities, of training Indian scholars in archæological work and in Orientalia generally. We also felt the need of some institution of first-class rank in India to advise us with the highest authority, and we regarded it as wrong that scholars in India should set their face towards the west in dealing with Indian antiquities. We accordingly summoned a Conference at Simla last July, a remarkable gathering of scholars, European and Indian, such as has not been assembled, I am told, in India, for more than a century. The principal proposal placed before that Conference, a proposal which has elicited much well-informed enthusiasm, was the creation of an Oriental Research Institute with a chair of Archæology. The proceedings of the Conference have been published and have attracted some attention. The Conference pointed out several desirable lines of advance and possible

improvement in archæology and the study of Orientalia generally. We considered those proposals, and we came to the conclusion that a Central Research Institute could control archæology generally more efficiently than a single officer who can only specialise in one or two branches of a wide-ranging subject. Our proposals were not ready at the time; they are only now ripe for submission to the Secretary of State, but we adumbrated them in a despatch suggesting the abolition of the post of Director-General of Archæology and the immediate creation of a new Professorship of Archæology in its place. Pending the creation of the new Institute, we advised that the Professor should be attached to the Indian Museum, Calcutta. As Hon'ble Members are aware this proposal was not accepted by the Secretary of State. New proposals are about to be forwarded to the Secretary of State which will, we trust, meet with the approval of all who are interested in Indian Archæology. I cannot say more than this, but I hope I have said enough to convince Hon'ble Members that we are striving strenuously to develop Indian Archæology and to prepare to train up Indians to carry on this important work on a larger scale than hitherto.

"So far from suggesting curtailment of expenditure, we contemplated increase of expenditure, for obviously an Institute will involve increased expenditure. So far from contemplating reduction of establishment, we were considering a small increase of establishment. We never had the slightest intention of limiting the conservation work or fine research work done by our European scholars. So far from discontinuing archæological publications, we were considering, and considering favourably, proposals of the Conference for more convenient production of such publications and wider circulation to scholars in and out of India.

"As regards decentralisation, there appears to be considerable misunderstanding as to the degree of centralisation already existing. When the post of Director-General of Archæology was created it was expressly laid down that there was no intention of weakening the responsibility of Local Governments for the care of their ancient monuments, and that the object of the appointment was to give a stimulus to local effort by the provision of expert advice. The Archæological Superintendents are subordinate to Local Governments as regards work and discipline, and submit their reports to them. Local Governments have accomplished much for archæology within their resources. The expenditure during the past ten years under Imperial and Provincial heads has been :—

	Imperial.	Provincial.
	Rs.	Rs.
On works	5,68,909	23,13,356
Establishments	15,88,930	3,56,585
Total .	21,57,839	26,69,941

"The conservation work of the Archæological Department is carried out by officers of the Public Works Department under Local Governments.

"I will say no more on this point. I have, I hope, convinced the Council that the Government of India are impressed with the importance of this subject, and that the charges levelled against the Government of India in this connection were absolutely groundless. May I add from my own experience that His Excellency Lord Hardinge is deeply interested in the antiquities and monuments of India.

"There is another and smaller matter which has attracted no little comment and misapprehension. I refer to the restoration of the caves of Elephanta at Bombay. Hon'ble Members know the character of the criticism which this necessary measure evoked. Vandalism of the worst kind was attributed to the local restorers. The Government of Bombay have already issued

a communiqué on the subject. Hon'ble Members will probably be glad to hear the opinion of Mr. Marshall, the Directo-rGeneral of Archæology, who has lately returned to India and who inspected the work on the spot. He writes, under date the 10th February 1912, that the repairs wererendered necessary by the danger which threatened the roof of the great Temple, that they were carried out under the advice of the Archæological Department and that the work has been admirably executed, although the toning of the new masonry (the old masonry was not touched) and the restoration of the steps, two minor details, might have been differently carried out with advantage. 'Apart from these defects, which are not irremediable,' writes Mr. Marshall, 'I consider that the repairs at Elephanta reflect very great credit on the Public Works officer responsible for them.' I am authorized to say that His Excellency himself, when recently at Bombay, visited the caves and came to a similar conclusion.

"In the circumstances, I am not able to support the Resolution of my Hon'ble friend."

The Hon'ble Mr. Muhammad Shafi: "Sir, may I be permitted to express my humble satisfaction at the lucid and clear statement of policy which has been just made by the Hon'ble the Education Member on behalf of the Government of India. This statement, I feel sure, will not only clear up misapprehensions said to be existing in certain quarters with reference to that policy, but will also re-assure all true lovers of Indian art and architecture that the Government of India is taking, and will continue to take, every possible care to see that these monuments of Indian architecture are not only restored, but are maintained in proper condition. I am sure that the statement of policy which has been made to-day will give entire satisfaction in every quarter of Indian public opinion. I feel certain that the reasons given by the Hon'ble the Education Member will be appreciated by all the members present here, and that the majority of the members at least will unite in opposing the Resolution which has been brought forward by the Hon'ble Mr. Mudholkar."

The Hon'ble Mr. Mudholkar: "Sir, after the exposition just made of the policy of the Government in the matter, there is not much occasion left for me to reply so far as the Government are concerned. I for one was never under the misapprehension as others were, that Government were going to be guilty of any act of vandalism, or were even going to show indifference towards the work of the preservation of the ancient monuments of India, and that they and we are not alive to the duty of maintaining in proper order our ancient works. It is supposed by some people that, whenever it is suggested that a certain post should be abolished, the person who makes that suggestion must be an enemy of the Department whose activities the officer holding the post represents. Thus now when it is said that the Director-General of Archæology is not wanted, that the work which he does should be done in the Provinces by experts chosen by the Provincial Governments, by work carried under the supervision of the Provincial Governments, it is assumed that the person who makes the suggestion has no regard for the great achievements of his own ancestors. Well to that frame of mind, the Government has given a crushing reply. That frame of mind exists both in England and in India, and what the Hon'ble Sir Harcourt Butler said in defence of Government in the matter applies also to my Resolution, and I do not take the statement of Government. I do not at all wish to press this Resolution to a division. But, as in the matter of Forests, so also in the matter of Archæology, the matter is, as I said, one for action in the Provinces; and when you are going to have local autonomy and things of that kind, these are certainly matters which ought to be entrusted to the Provinces. After the expression of the views by the Hon'ble Sir Harcourt Butler, I do not wish to press my proposal to a division."

Accordingly the Resolution was withdrawn with the permission of the President.

SALT, EXCISE, CUSTOMS, ETC.

The Hon'ble Mr. Clark: "Sir, I have to introduce the heads of Salt, Excise, Customs, the Post Office, Telegraphs, Stationery and Printing, and Railways This last head, however, I would ask you to permit the Hon'ble the President of the Railway Board to introduce in my place.

"With regard to Salt, Excise, Customs and Stationery and Printing, I have nothing to add to what Hon'ble Members have no doubt already perused in the Memorandum explaining the details of the Estimates. I will, however, say a few words in regard to the Post Office and Telegraphs.

"The receipts and expenditure of the Post Office since 1908-09 are as follows:—

	Receipts.	Expenditure.
	£	£
1908-09	1,825,620	1,896,753
1909-10	1,927,229	1,927,582
1910-11	1,996,922	1,950,892
1911-12 (Revised Estimate) . .	2,122,400	2,037,300
1912-13 (Budget Estimate) . .	2,218,900	2,049,200

"For the year 1908-09 the expenditure of the Post Office exceeded its receipts by £71,133. In the next two years there was an increase of £171,302 in receipts accompanied by an increase of only £54,139 in expenditure, and there is every reason to believe that by the end of the present year there will be an addition of no less than £125,478 to the former figure while the addition to the latter will amount to only £86,408, about a half of which is due to the King's visit. During this year the expenditure of the Department will for the first time exceed £2,000,000. For the year 1912-13 we expect a further increase of £96,500 in receipts but an increase of only £11,900 in expenditure.

"A careful overhauling of the expenditure of the Department has taken place, and economies amounting in all to 1½ lakhs per annum have been effected. About a third was on account of the reduction of subsidiary mail services by railway and another third on account of the reduction of permanent road line establishments. The remainder was made up of small items.

"I turn now to the Telegraph Department. In the receipts for telegrams there is a considerable increase in the Revised Estimate due to the increase of traffic owing to the Coronation Durbar, the labour troubles in England, etc. In the Budget Estimate for 1912-13 the effect of these unusual factors has been eliminated and a normal increase of 4·00 lakhs has been allowed for.

"The special expenditure during 1911-1912 occasioned by the visit of Their Majesties was considerable and was not confined to Delhi. Special copper wires were erected between Bombay and Delhi, and Agra and Delhi, at a cost of 3·42 lakhs. In Delhi itself the expenditure was about 1·84 lakhs. The work comprised the erection of 346 miles of line (inside the Durbar area) 2,612 miles of wire of which 1,535 was in the Durbar area, and 2,104 miles of under-ground cable connections. Eighteen Telegraph Offices were opened in and around Delhi and 605 telephone connections. In addition special arrangements were made during His Majesty's visit to Nepal and Her Majesty's stay in Rajputana as well as in Calcutta. I think Council will realise that the Telegraph Department had very considerable expenditure put on them owing to the visit.

"Another special item of expenditure during the year 1911-1912 has been the cost of the inland wireless stations which amounts to 10·31 lakhs. Provision for 2·78 lakhs has been made in the Estimates for 1912-1913 under this head.

"There is one other matter which I ought to mention in connection with the two great Departments to whose activities I have just referred. The Government of India have for some time past, as is well known, had under their

consideration the question of the possibility of amalgamating the Posts and Telegraph Departments. As a preliminary step, they propose in the first place to bring the administration of the two Departments together under one head; and they have decided that from April next when the Hon'ble Mr. Dempster goes on leave, the Hon'ble Sir C. Stewart-Wilson should hold the office of Director-General of Telegraphs in addition to that of Director-General of the Post Office, and under the title of the Director-General of Posts and Telegraphs should carry on the administration of the Telegraph Department in addition to his own duties. This appointment is temporary, and the combination of the two offices under one head is a purely tentative measure. It is the intention of the Government of India that the Hon'ble Sir C. Stewart-Wilson should, after he has gained some experience of the Telegraph Department, report whether a complete fusion of the Postal and Telegraph services is feasible and advisable; and if so, that he should prepare a scheme for their gradual amalgamation. I need not say more upon this subject now, as it has been very fully dealt with in the Resolution issued by the Government of India in January last.

RAILWAYS.

The Hon'ble Sir T. R. Wynne: "Sir, in my remarks on the results of Railway working for the year 1910-11, I claimed that the figures then presented afforded ample justification for the policy, which had been adopted during the last five years, of spending large sums on open lines for works and rolling stock, so as to enlarge the capacity of the lines for carrying traffic.

"The figures for 1911-12 afford still further evidence of the soundness of this policy, the net result of the working of the lines owned by the State being a gain of £3,071,200 as against a gain of £2,038,193 for 1910-11. This large increase has been rendered possible solely by Railways being able to carry more traffic, as a result of the large sums of money which have been spent on their improvement. The figures speak for themselves and do not seem to me to require any lengthy explanation. I propose, therefore, to deal with the more interesting question of the present difficulties which Railways experience in meeting the demands of trade for Railway transport, the cause of these difficulties and the measures that are being taken to meet a possible continuation next year of this sudden increase of traffic.

"It is a popular pastime to abuse the Railway Board and to hold them responsible for every grievance against Railways, and under the rules of the game the Railway Board are now held responsible for all delays in the transport of goods and are called on to apply an immediate remedy.

"Only this morning I received a letter from a Local Government referring to the abnormal traffic with which the Railways in its Province had been dealing during the last two months, and to the congestion which was occurring in despatches to the ports. It then called on the Railway Board to adopt special measures, without delay, to relieve the congestion and to facilitate the movement of the export traffic to the Ports.

"Sir, there are no special measures which can be adopted immediately, to remove the present congestion and to expedite the movement of export traffic to the Ports, unless you stop all famine traffic and decline to allow the local booking of goods, both obviously impossible remedies to apply. If any immediate measures had been possible they would have been adopted. The only remedy is to increase the carrying capacity of the Railways and this requires time to construct the works necessary and build additional rolling stock. The obvious criticism on this statement is why has not Government provided for an increase in the carrying capacity of railways proportionately to the growth of trade?

"The answer to this question is that, when deciding on the amounts to be set aside to meet a growth of traffic, you can only go on past experience, recollecting that rolling stock and works cannot be manufactured and built in a day, and that arrangements have to be made months and, in some cases, years ahead.

"In 1900, the gross receipts from Railways were 28 crores only. For the year 1911–12 they will be close on 50 crores nearly double. Intermediately, however, there have been heavy variations. In 1906 07, the figures were 40 crores; in 1907–08, the figures were 42 crores; and, in 1908 09, the figures were 40 crores; the following years being 43 to 46, and this year about 50 crores. Now for the six years, April 1907 to April 1913, a sum of 88 crores was allotted for Railway expenditure under the Programme: of this sum 65½ crores were allotted to open lines and rolling stock, the amount earmarked for the latter being 30 crores, and the balance being for works such as doubling lines, strengthening bridges and permanent-way, so as to enable more and heavier trains to be run and generally to improve the carrying capacity of Railways. The provision of an average expenditure during the last six years of 6 crores per annum for works to facilitate traffic, and of 5 crores per annum for rolling stock to meet the growth of trade is, I hold, a very fair provision to make out of the funds available, and it must be recollected that considerable sums are also spent on Revenue account, both for works and rolling stock, with the same object. The difficulties now being experienced are due primarily to the unprecedented, and I think I may say unexpected, development of trade at the present time which has outstripped the capacity of the Railways and, incidentally, to other causes, and is only partly due to shortness of rolling stock. The reason why Railways are unable to carry the present abnormal traffic is because terminal facilities at Ports are inadequate, because single lines are now being taxed beyond their capacity, because a big fodder famine traffic has to be dealt with at the same time as a big export business, because Railways being short of coal owing to the unprecedented traffic which they now have to deal with are employing a large number of wagons on this traffic, because there has been a large rise in steamer freights for coal, thus diverting its carriage to Railways, and also to difficulties, I understand, about water for locomotives in the famine area where water is scarce. When congestion occurs all siding accommodation becomes fully occupied and trains have to be hung up *en route* and loaded wagons kept at stations, and the only course then to take is, to stop booking from up-country and so to restrict the amount which the Railway leading to the port will take from inland Railways for that destination. This is what is happening to-day. Loaded wagons are waiting at junctions, till the receiving Railway is able to take them, and inland Railways, like the Oudh and Rohilkhand Railway, are restricted to despatching 50 tons a day towards Bombay or, as happened last week, are absolutely debarred from despatching a single ton. This restriction on the Oudh and Rohilkhand Railway again reacts on the Bengal and North-Western Railway and obliges that line to restrict its bookings. The practical result is to lock up wagons and to prevent their being used to the best advantage and, to meet such traffic as is now offering, improved facilities to increase the number of trains and their weight, are of as much importance as additional wagons.

"Now as to what is being done to provide for the possibility of this abnormal traffic continuing next year or, at any rate, during a good portion of it, I may say that in Bombay the Port Trust have been busy the last three or more years in reclaiming land and arranging for the construction of very large warehouses and depôts, which will give to the port the additional terminal facilities which it so much requires. Further, the Railway Board last year sanctioned the quadrupling of the Great Indian Peninsula line from Kalyan to Bombay, a very congested section, and the doubling of the line from Nagpur to Shegaon, and work is in progress. With these works completed, the Great Indian Peninsula will be in an immensely better position than it now is, to deal with abnormally heavy traffic like the present, and this again will enable the Oudh and Rohilkhand Railway and the Bengal and North-Western Railway to deal with their business, without being subject to the restricted booking from their lines that has to be enforced at present. The Port Trust in Calcutta no doubt are moving in the direction of increased terminal accommodation, to avoid the recurrence of the unfortunate stoppage of bookings to Howrah and the Docks which happened last year owing to the Dock godown being full of Java sugar, and the East Indian Railway are shortly putting forward proposals, costing some 35 lakhs, for the purpose of accelerating the handling of their coal traffic.

"Taking now the difficulties in the coal trade, I would explain that there are three exceptional factors at work; one being that Railways themselves are very short of coal, owing to the increased traffic they have to carry, the second being the rise in steamer freights which is causing more coal to be sent by Railways instead of by sea, and, thirdly, the increased demand by the public up-country for coal which seems to be growing rapidly. Railways must be kept working and have, therefore, the first claim on wagons for coal. It would be disastrous to the trade of the country if

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Railways not having collieries on their lines had to cease working in order to enable the Bengal lines to provide wagons for general produce in full. This Railway coal traffic is absorbing more wagons than usual and is the cause of a diminished supply for the public. The second and third factors create a shortage of wagons owing to the long distance to which coal is now carried by rail. It is obvious that such longer journeys lock up a loaded wagon for a great many days and reduce its carrying capacity in any fixed time to a lesser tonnage than would be the case if it had been employed on the shorter run to Calcutta.

"While I hold, therefore, that the situation is exceptional and that no immediate remedy is possible, it would be wise to take some immediate steps, in light of the experience of the present time, to provide for the present pressure of traffic continuing during next year.

"In next year's programme a sum of 950 lakhs has been allotted for open line works and rolling stock, of which a sum of 475 lakhs has been set aside for the latter. This will provide 182 locomotives and 6,100 goods wagons besides coaching stock.

"The completion of works now in progress, to enable better use to be made of the existing rolling stock and the pushing on rapidly of further facilities for dealing with traffic, justify an increase in the amount of rolling stock to be ordered next year, and for which provision has been made in the programme. Arrangements are, therefore, in progress for the supply of 2,500 broad gauge wagons and 1,000 metre gauge wagons, in addition to the stock which I have referred to as being provided for in the programme.

"I feel confident that Railways are doing their best under very difficult conditions, the enormous growth in railway receipts each week being clear evidence of this. To confirm this, as soon as I can get away from Council, I propose to go to Bombay to consult with the Railways there. In addition both Members of the Railway Board have proceeded to the North-West with the same object.

"I think I have said enough to show that Government and the Railway Board have not been asleep, that they are fully alive to the present difficulties, that they have foreseen a great growth of Indian trade and have taken steps, within the financial limits imposed, to be ready for it, but that the unprecedentedly heavy trade of the present year and the other contingencies, which I have indicated, have exceeded all possible expectations."

The Honourable Mr. Mudholkar: "Sir, I beg to move the resolution that this Council recommends to the Governor-General in Council (1) that the grant for railways be increased by twenty lakhs of rupees for taking the main line of the Sheagam-Nagpur section of the Great Indian Peninsula Railway through Amraoti, and (2) that out of the total amount allotted for railway construction, fifty lakhs of rupees be earmarked for being applied towards the construction of the Akola-Basim Railway during the year 1912-1913.

"Sir, I have listened with great interest to the explanation of the programme of Railway work in the coming year given by Sir T. Wynne, and I acknowledge all the efforts which are being made by the Railway Board for facilitating Railway transport. Among the other things which he mentioned was the case of doubling the line between Sheagam and Nagpur. In regard to that, there arises an important matter —a matter which, though one might say it belongs to a particular locality, has also got considerable importance both to the Province wherein the locality is situated and to the country generally. I refer, Sir, to the case of Amraoti. Amraoti is the headquarters of Berar, which, though it has ceased since 1903 to be a separate Province, is among the most important and advanced territories under the administration of the Chief Commissioner of the Central Provinces. The resident population is not very large, being only about 41,000 for the town and Civil station, but the town possesses the largest cotton market of a tract which occupies the foremost place among the cotton producing areas of India. There are 18 cotton ginning and 15 cotton pressing factories and two oil extraction mills. The arrivals of cotton in the local market were last year 170,000 carts, weighing 132,000 bales of 400 lbs. each, and constituting about 1-19th of the cotton exports of the whole of India. Its general trade and commercial activity are of no small magnitude. One thousand passengers are daily booked outward, and the number of arrivals is about the same. The goods brought by railway come up in weight to about a million and a quarter maunds a year, while goods booked outward are slightly less. Seven trains have to be run daily each way between Amraoti and Badnera; and even this number does not meet all the wants of the public and afford them the convenience they desire. Between Bombay and Nagpur—a distance of 520 miles—the goods traffic of Amraoti has during the last quarter of a century always occupied either the first or the second

place after Bombay. Its position as a town of great commercial activity and an important trade centre can be traced back several generations. It has always been a matter of wonder and regret to the people of the district that when the railway was first constructed 47 years ago, the main line was not taken through this town. The mistake of leaving it out of direct railway communication was discovered soon after, and in 1870 a branch line was constructed by the State. That line, however, could serve only as a temporary makeshift, and in the interests of the general public, of commerce and industry and of the State, the time has now come for revising the action taken 50 years ago and rectifying the serious mistake then committed.

"The existing arrangements involve great loss of time, extending over forty minutes' to three hours' inconvenience and even positive trouble to the travelling public, as also, pecuniary burden. The goods traffic has also to bear imposts and disabilities productive of heavier charges on the one hand and delay in transport on the other. There is a special toll levied on goods on the Amraoti line over and above the ordinary freight. The amount of this impost comes in the aggregate in a year to Rs. 36,000. The Amraoti traffic has, during the first thirty years after the opening of the line, yielded a net profit of 8·82 per cent. on the capital outlay of 4·5 lakhs when many of the other lines were a source of loss to the State. During the last ten years the net profit has, it is estimated, been above 12 per cent. After giving 3½ per cent. of net profits, the line has repaid the original outlay two and a half times over. The town and its passenger and goods traffic have thus a just claim upon the kind consideration and generosity of Government.

"Judging by the extraordinary progress which has taken place at other stations in Berar, situated on the main line, the expansion of the trade of Amraoti and the development of its industries have been prejudicially affected by its not being on the main line. The proper development of the fertile and progressive portion of Berar to the West, North and North-East of this town loudly demands the execution of the Amraoti-Ellichpur and Amraoti-Morsi-Sonnair projects. A distributing centre and the largest market for the towns and villages of North-East Berar, the projected light railway to Ellichpur and the Amraoti-Sonnair line will radiate from it and it will become a junction station within a short time. In a reply which the Honourable Sir T. Wynne gave to a question which I put in January 1911, he said that we had to bear in mind that the interests of Badnera would be affected by the proposals which were contained in my question.

"Now Sir, as regards Badnera, the passenger traffic of that place is $\frac{1}{20}$th of that of Amraoti, and the goods traffic probably less than $\frac{1}{40}$th. I submit that it would be unfair and highly prejudicial not only to an important town like Amraoti, but to several other places of no mean agricultural, industrial and commercial position to permit the insignificant traffic of Badnera to come in the way of an alignment beneficial alike to a large section of the public and to the State. What local traffic there exists at Badnera can, it is submitted, be more than adequately met by maintaining the existing branch line and running a train each way daily. It is doubtful if even the expenses of one train can be met by this traffic. But it is not necessary for granting relief to Amraoti to do any injustice to Badnera, if it is thought that the removal of that place from the main line would be a real hardship. I have explained in the interviews which Sir T. Wynne and the Members of the Railway Board have been kind enough to grant me that this can be done, and the only result of doing justice to Amraoti while keeping Badnera on the main line would be an addition of a few miles to the length of the line, the length varying from 5 to 8 miles according as one place or another is adopted, which after all is not a very serious thing.

"The question which remains is the cost of this construction. About the cost, estimates vary greatly, and it is a matter in which the President of the Railway Board is a far greater authority than I can pretend to be. Assuming the calculation which was made by the Railway Board, that it would involve an increase in expenditure of something like 20 lakhs, I would say that the expenditure of 20 lakhs would be more than amply repaid soon. What we have got to see is that there is a town of very great capacity—a town which has already a great passenger traffic of two thousand passengers daily, and a goods traffic next in importance to that of Bombay the hardship of which has to be taken into consideration; and, even if, for the time being, there is no sufficient return, it is an expenditure worth incurring. Sir, in this matter, my town has made a representation to the Government of India, and I was given, as I have already said, the advantage of a discussion with the Members of the Railway Board. I then pointed out to them that the request of the town was supported by the Commissioner of Berar and by the Head of the Local Government who is now in this Council, and both are authorities who possess intimate local knowledge, and their opinion was certainly deserving of consideration and will be

given the weight that it is entitled to. They would not have supported the request of Amraoti, if there was anything wrong in the statements of fact on which that request was based. When persons holding their authority support a prayer, I think, Sir, it is a matter which the Government should take into serious consideration.

"I was told, Sir, that the Railway Company objected to find 20 lakhs which they considered were required. Well, I must confess I do not see where the Railway Company comes in here at all. The Amraoti line was constructed out of Berar funds, and now that Berar is handed over permanently to the Government of India, it belongs to that Government. As a matter of fact, the whole line, worked by the Great Indian Peninsula Railway, belongs to the State, and it is the Government which has to consider whether 20 lakhs are to be spent or are not to be spent by the State. When the State has to approach a matter of this kind it has to consider not only the question of pounds, shillings and pence, but also the question of granting relief to a large portion of the travelling public and to a large commercial centre. The developing capacity of the town has already been shown. It is a matter which would naturally weigh with the Government of India and not with a Company carrying on work only for its dividends. It is said that the Railway Company is entitled to a certain proportion of the profits. Now, Sir, the Great Indian Peninsula Railway Company according to the contract, is only entitled to 1-20th portion of the net profits which remain after paying up all the working expenses, interests and everything and it is only to that that it is entitled. Nineteen-twentieths, or 95 out of 100, belongs to the Indian Government, and that Government, as representing the public; it is they who are entitled to have the final say in the matter. It is they who ought to decide, as they represent the people. It is the Finance Department which must find money for this. Now I do not know that in a matter of this kind, where a demand is supported by local authorities of such great eminence, the Finance Department would not take that into consideration. It is true that that Department would wish to be satisfied in regard to a project which was put before them that it would be a paying one. But when the assurance comes from local authorities that it is bound in the end to be a remunerative one, I do not think that the Finance Department would put its spoke in the wheel.

"There is one other consideration which I would advance before the Council. During the last eight years that Berar has come under the administration of the Central Provinces, it has been held under a permanent tenure by the British Government, and all the revenue goes to the British Government. The average yield of the revenues in Berar has been 145 lakhs a year during this period. Out of that amount, 25 lakhs are paid to the Nizam and 50 lakhs are spent in the Province. About 3 lakhs may be allowed as a fair contribution required for paying towards the expenses of the Central machinery of the Provincial Government and the heads of Departments. There remains an amount of between 70 and 75 lakhs, of which 35 lakhs are received by the Government of India, and at least that amount or probably 37 lakhs are received by the Provincial Government. Now, in these circumstances, when there is a province which is not only self-supporting, but which leaves to the Imperial Government 35 lakhs a year, and which, over and above its share of contribution to the up-keep of the Central Provincial authority, pays to the Provincial Government 37 lakhs a year, it is undoubtedly a province which deserves some consideration; and I urge before the Council that its needs and requirements have to be taken into heed. These are my arguments so far as the taking of the main railway line to Amraoti is concerned.

"I then go next to the question of the Akola-Basim Railway. This project has been urged before the Government ever since the eighties. In reply to the question which I put to the President of the Railway Board 13 months ago, I was told that it stood high in the list of projects. The work on the line, however, has not yet been commenced. Since I gave notice of my Resolution, I was informed by the Honourable the President of the Railway Board that the work will be soon undertaken. Well, Sir, if that assurance is given in this Council, the second part of my Resolution can be regarded as accepted. If in any case there is a disposition to postpone the work, I would bring to the notice of Government that this is a line, the importance of which has been admitted for more than a quarter of a century. It has a traffic which would have brought more than 6 per cent. or 7 per cent. to the Government all these years had a railway been constructed at the time it was asked for. Anybody who travels those 50 miles in the months of November to June would find 1,500 to 2,000 carts travelling along that track. It is one which would have amply repaid any railway company which had constructed a line over it. This is a project which also demands the consideration of Government and the attention of the Railway Board. With these words, Sir, I commend my proposals to the Government."

The Hon'ble Sir T. R. Wynne: "Sir, Badnera is a station between Bhuswal and Nagpur. The main line of the Great Indian Peninsula Railway was aligned so as to pass Badnera, some six miles from Amraoti, because of a range of hills in the vicinity which would have involved considerable expenditure to cross if the line had been taken straight through Amraoti. I have no information on the subject, but I surmise that some 40 years ago the trade of Amraoti was not of very great importance. The construction of the Branch line from Badnera to Amraoti seems to have well served its purpose judging by the Hon'ble Member's account of the present prosperity of the town. There can be no doubt that for goods traffic Amraoti at the present time has nothing to complain of. Goods can be despatched from there straight to Bombay just as well as if the town was on the main line. The whole justification therefore for adopting the Hon'ble Member's proposal rests in spending a large sum of money so that passengers to and from Amraoti might be saved the trouble of changing carriages at Badnera. Now, who is to provide this money, the amount involved being some 20 to 30 lakhs of rupees. Its expenditure is not likely to bring in any increased revenue. The Great Indian Peninsula Railway decline to agree to add to their capital, and I could not recommend that the Government of India should bear the cost, as I feel sure the Finance Department would object. Amraoti was suffering under some disadvantages which the Hon'ble Member explained to me when discussing his scheme. When the line was built as a Provincial line, it was allowed to make certain extra charges, tolls, etc. When the line was absorbed in the Great Indian Peninsula Railway undertaking, this was overlooked and the charge was retained. This has now been put right and the extra charges for the Amraoti Branch have been withdrawn. The Railway Board are also in communication with the Great Indian Peninsula Railway as to running a train between Amraoti and Badnera and back again and on to Bombay. Of course, the Hon'ble Member has pointed out that the Local Government strongly supported this, but from the Local Government's point of view they had no option but to support it; but I think it would be interesting to know what opinion the Local Government would have taken if supporting the proposal had involved expenditure from their own provincial revenues instead of from the revenues of the Government of India; so on the part of the Government of India I oppose this Resolution.

"With regard to the Akola-Basim line, this is a project well to the fore as it is a most important project connecting as it would the metre gauge system of the north of India with that of the south. At the present moment we have a strong survey party working it up, but the line must take its turn in being included in the programme. The Hon'ble Member has advanced many reasons why it should be made at once, but there are many other lines in India regarding which you could advance equally strong reasons. I said, in the answer which I gave last year, that it is a line that is very much to the fore, and so it is. With all these demands for improving open lines, it is impossible to give a date when this line will be taken in hand."

The Hon'ble Mr. Mudholkar: "Sir, I must confess that I am greatly disappointed at the line taken up by the Hon'ble the President of the Railway Board. It is said that the placing of Amraoti on a branch makes no difference to the goods traffic. But I must remind my Hon'ble friend that I did bring to his notice a very fresh instance of such a difference, and that this town, which has a cotton trade of its own constituting one-nineteenth part of the cotton export trade of the whole of India, was unable to get trucks for carrying its cotton to Bombay or Calcutta, and that for weeks and weeks the station-yard was full of the bales. I have also told him that what some of the people did then was to take the bales by bullock carts to Badnera, the station on the main line five miles away; and there they could get trucks. That is the disadvantage of being on a branch line, he existence of which can be seen even now if only one goes there. Then in regard to what I have said about the capabilities of the town and the probability of its commercial expansion, there is no reply forthcoming. It is true that there is the question of cost which it is said would be 35 lakhs or at least 20. Sir, I cannot see why such an amount would be wanted. But there is another reply—'you have constructed lines which for years have not yielded any dividend whatsoever; but

which, on the contrary, have been a source of annual loss. Now here is a line which is pronounced by competent authorities to be one which would be a self-supporting and paying one, and still there is want of funds for it.' I must confess, Sir, it looks as though it rather depends upon the clamantcy with which one puts forward his case than on its own inherent strength whether it gets a proper hearing or not. What I say is that as there have been other cases in which there have been expenses incurred on the probability of a return, so also is the present case, which I urge is one deserving of consideration, because the people and the local authorities also say that the expenditure would obtain a return before long, and I would therefore press this proposition on the consideration of the Council."

The Resolution was put and rejected.

REGISTRATION, JAILS, LAW, POLICE, ETC.

The Hon'ble Sir Reginald Craddock: "Sir, in introducing to the Council the heads of the Financial Statement which appertain to my Department, I do not wish to take up their time with any comments in detail. These heads are Registration, Jails, Courts of Law, Police, Medical, and General Administration. Leaving aside the Medical Department for the moment, all these departments represent necessary and important services; but the greater part of their expenditure consists of establishments, and the work they do does not, as a rule, attract much attention as to the details of the expenditure. It is regarded as necessary and the details are not, as a rule, much criticised. There is a Resolution on the agenda regarding the Police and also upon General Administration, and upon both of these, I do not want at this stage to make any remarks.

"As to Medical, the greater portion of the items included under this head belongs to the Department administered by my Hon'ble Colleague in charge of Education; and in connection with that portion we have heard a most comprehensive and able exposition from the Hon'ble Surgeon General Lukis as to the sanitary and research work that is being undertaken by the Government I need not add anything to those remarks, but I would just refer to the fact that included in the statement* which Surgeon General Lukis put on the table is a reference to the Tropical School of Medicine in Calcutta which it is proposed to establish, and a sum of 5 lakhs has been included in the estimates for capital expenditure on this account. This is a very important departure, and I feel sure that the Council will accept it as most satisfactory. Another item to which I would like to refer is the grant of 1½ lakhs in aid of the Dufferin Fund, which is included in the estimates subject to the sanction of the Secretary of State; and I am sure that the Council will agree that the inclusion of a sum of this kind in aid of the great charity which was instituted by the Countess of Dufferin for bringing medical relief more within the reach of the women of India, is aid which commends itself to the Council, and meets with their approval."

CHARGES FOR SECRETARIATS.

The Hon'ble Mr. Subba Rao: "I beg to move, Sir, 'that this Council recommends to the Governor General in Council that the sum of rupees thirty-three lakhs and seven thousand under the head No. 18 (1) (iv) (Charges for the Secretariats) be reduced by 5 lakhs.'

"It will be seen that under the head of general administration, the charges of the Government of India come up to quite as much as the charges of all the Provincial Governments put together, that is, to more than a crore of rupees. Of these, there are two large items. One is the Secretariats costing about 33 lakhs, and the other is offices of Accounts and Audit, nearly 38 lakhs.

"This Resolution deals with the former.' I wish to inquire from the Hon'ble the Home Member whether any attempt is made to

* *Vide* Appendix No 2,

review the expenditure under this head. I submit that retrenchment is necessary, especially as there is an extra expenditure of 5 lakhs provided towards the cost of the new Delhi administration. We are told on high authority that the administration of India is the costliest in the world. We shall be gratified, Sir, if the cost of administering the new Capital does not entail an extra burden on the country. This can only be done by curtailing expenditure under other heads. It appears to me that there is room for effecting savings in this direction. It is curious that the Public Service Commission did not touch the Government of India Secretariats. The number of charges under the Government of India reserved to the members of the Indian Civil Service increased from 55 in 1892 to 85 in 1910. Yet there is not a single Indian employed in any of these offices. The Hon'ble the Finance Member announced last year that he had recently selected an Indian to the post of an Assistant Secretary under him, and he pointed out that it was the first time when an Indian held such an appointment. The Statutes on the subject do not debar Indians from holding appointments in the Secretariats. On the other hand, express power is given under the Statute of 1870 to the Government to appoint Indians, if they choose, to the Secretariats. The fact that the question of abolishing the Provincial Service as constituted at present and holding simultaneous examinations in India and England is under correspondence with the Secretary of State need not stand in the way of appointing Indians to the Secretariats.

"I submit, Sir, that the present exclusion should not be permitted to continue any longer. It is a slur on the large fund of statesmanship and ability available in the country. It is a slur also on the British Government that i cannot utilize this material in making the administration economical and popular. I take the liberty of commending to the Council the weighty words that fell from you, Sir, at the meeting of the Council held on the 25th January 1910. You said :—

'As a Finance Minister, it is permissible for me to say that, from the economic standpoint, it seems to be for consideration whether we might not make greater use than at present of the undoubted abilities of the educated Indian.'

"I submit that strenuous efforts should be made to reduce expenditure under this head, so that the cost for the new Delhi administration might be met, if possible, out of the savings.

"With these words, Sir, I commend the Resolution to the Council."

Sir Reginald Craddock : "Sir, I felt rather under a disadvantage in connection with this Resolution, as I was not able even to surmise what points exactly the Hon'ble Member would take. I did not suppose that it was possible that he was so hard-hearted as to suggest that we should turn adrift large numbers of our clerks, and therefore I was anxious to hear in what direction he could suggest economies of the kind indicated. Well, as a matter of fact (I do not know whether I am trespassing on the domain of the Finance Department, if I am, I will admit that I would rather that they undertook the defence) as far as I am able to find from the figures available to me at this moment ; the cost of the Imperial Secretariat has shown no increase during the last few years, if we exclude from it the additional expenditure which was required last year in connection with the arrangements for the Delhi Durbar. The actuals for the year 1908-09 were ₹34,64,000, and the budget figures for the year 1912-13 are ₹33,07,000. Last year a promise was made that Departments ; would be overhauled with a view to seeing whether any reductions were possible ; but in the Secretariat branch of the expenditure it was not found possible to make any material reductions. The Hon'ble Member has suggested that it would be possible to make an economy by the larger employment of Indians in Secretariat appointments. The larger employment of Indians in Secretariat appointments is a totally different question upon which I cannot very well enter at present for the reasons which the Hon'ble Member has himself indicated ; but if he puts this forward as a means of securing the economy of 5 lakhs which his motion contemplates, I can only say that no such economy or anything like it can be obtained by the method that he suggests. At present the Secretariat appointments are in a great part

limited to the Indian Civil Service by Statute, and if Indians belonging to the Indian Civil Service are appointed in Secretariat posts, there will be no saving at all. If officers of the Provincial Service should be appointed by making the appointments under the present system—listed appointments—even then the savings would be so small that they would be utterly insignificant by the side of the sum mentioned by the Hon'ble Member. There have been instances—one was quoted by the Hon'ble Member, and no doubt if I had more time, I could have found others—in which Indians have held Secretariat appointments; and in the Bengal Secretariat, there has recently been a small experiment in that direction, of attaching two members of the Provincial Service as Attachés to the Secretariat so that they may be able to learn the work. This constitutes therefore an experiment as to the possibility of employing such officers in such posts. Beyond that, of course, I am unable to say anything on the particular method that the Hon'ble Member suggests, by which economy may be obtained; but on behalf of the Government, I am obliged to oppose this measure, because it seems to me that the Hon'ble Mover has not in any way indicated how this very large economy which he suggests can be secured. On behalf of the Government, therefore, I oppose the Resolution."

The Hon'ble Mr. Subba Rao: "Sir, I quite admit that the figure under this head as stated by the Hon'ble the Home Member has remained substantially the same during the last few years. The figure for 1909-10 is R33,17,000 and the budget figure R33,07,000, nearly the same. The Hon'ble the Home Member says that if we employ Indians who have passed the Indian Civil Service Examination, there will be no savings at all. That is true. He says also that if members of the Provincial Service were appointed, the savings effected would be inconsiderable. He further says that there are Statutes that limit the appointments to those who pass the examination in England. I have pointed out that the Statute of 1870 expressly enables the Government to appoint Indians to any of the posts that are reserved to members of the Indian Civil Service. Therefore, there are ample powers given to the Government to appoint Indians, if they choose, to such places. As regards the savings by appointing Indians to such posts under the Statute of 1870, it is plain, from the correspondence on the subject, that the saving would be at least one-third of the amount paid to the members of the Indian Civil Service; so that if three lakhs is spent at present, there will be a distinct saving of one lakh out of those three lakhs. As far as I can see, no attempt is made to examine the question from this standpoint. The question has been examined simply whether the number of persons employed in the department could be reduced, and not whether the expenditure could be reduced by employing more Indians in the place of those who are now doing duty. I should have been satisfied, Sir, if the Hon'ble Home Member had promised that he would examine the question from this aspect and a real beginning made in the direction of appointing Indians to reserved places in the Secretariats. I submit, Sir, the question ought to be examined from this standpoint. It is an important question which affects the dignity and status of Indians and the well-being and the popularity of the British Government in this country, and I therefore press this Resolution on this Council."

The Resolution was put and rejected.

POST OFFICE ACCOUNTS AND AUDIT.

The Hon'ble Mr. Subba Rao: "Sir, the next Resolution that I have the honour to place before the Council is:

'That this Council recommends to the Governor General in Council that the sum of rupees thirty-eight lakhs and sixty-one thousand under the head of Office of Accounts and Audit be increased by rupees twenty-five thousand.'

"The Hon'ble the Home Member with regard to the last Resolution said that he did not understand what points I intended to raise by it. If the Hon'ble Member cared to inquire of me, I should have been very happy to place before him the necessary information.

"With regard to this Resolution, Sir, though the terms of the Resolution are wide, I have put it in this form to call attention only to one item under this head, and that is the savings proposed to be effected by dispensing with the services of clerks connected with the Post Office Savings Bank Audit. I have intimated this to the Hon'ble Sir James Meston, our able and good Finance Secretary. With his usual courtesy he has furnished me at my request with a statement on this subject. From this it appears that a saving of Rs. 89,280 is proposed to be effected by dispensing with the services of 196 clerks drawing an average pay of Rs. 38 a month. The pay of these clerks, according to this statement, ranges from Rs. 15 to Rs. 100 a month. As some improvements have been effected regarding the Savings Bank Audit, the services of these men have been found unnecessary, and so notice was given to them that their services would be dispensed with from July next. So far, Sir, no indication has been given as to the future of these men, whether they would be treated on the same footing as those in other departments where retrenchment is found necessary. A good number of these men are young men who have passed the general and special examinations qualifying for the department. It is rather hard for them, after putting in some years of good service under the Government, to turn now to new fields and start life afresh. I may mention further that they belong to the general list of the department and do any branch of work that may be assigned to them. It is by mere accident, Sir, that they now happen to be doing work in the Savings Bank Audit. It is hard, therefore, that the blow should fall on them alone without regard to the length of their service or the good work done by them.

"The Hon'ble the Finance Minister has well outlined in his speech the other day the policy of the Government in dealing with the Opium Department employés, whose services are not needed on account of retrenchment necessitated in that department. He said:

'What we are doing is, first, to get rid of the least efficient of the Opium employés on such pensions or gratuities as the rules permit; second, to transfer to other departments all who are fit for a new class of employment; and third, to encourage the retirement of the senior men by offering full pension to all those who are within five years of completing their qualifying service. On these lines we are dealing with every rank from the highest paid departmental officer down to the humble peon, and we hope to prevent any genuine hardship.'

"I thank the Hon'ble the Finance Minister for outlining this broad and liberal policy. Similarly is the policy laid down by the Government of India in reorganizing the Telegraph Department where retrenchment is proposed to be carried out by gradually absorbing those whose services are found unnecessary, and not by turning them adrift by notice to quit. I am sure the Hon'ble the Finance Minister will deal with these 196 clerks in the Postal Savings Bank Audit with the same generosity as he is dealing with the employés in the Opium Department, and as the Government has resolved to treat the employés in the Telegraph Department."

The Hon'ble Sir Guy Fleetwood Wilson: "Sir, the first idea that occurred to me on reading this Resolution was that the Hon'ble Mover had been induced merely by a general and very natural sympathy with the subordinate staff to endeavour to mitigate the hardships involved in a reduction of establishment. It has since struck me, however, that the Resolution may have had a more specific suggestion—a suggestion in which it would be possible for me to trace an indirect compliment to myself. On the 8th of March a year ago, it will be remembered that the Hon'ble Member moved a Resolution to the effect that the expenditure under the head of offices of Account and Audit be reduced by two lakhs. He referred to the amalgamation of the Civil and Public Works Accounts, which he thought should result in substantial savings; and in connection with the creation of a grade of Chief Accountants who ranked

as gazetted officers he said: 'The question was whether the number of officers could not be reduced.' He did not then make any conditions as to the manner in which reductions should be carried out, and it fell to me, while expressing my desire to effect economies wherever possible, to enter a caution that it is necessary, in these cases, to deal tenderly with vested interests. It seems—and this is what I meant by the Resolution being an indirect compliment to myself—that the Hon'ble Member has borne in mind what I said; for no sooner had I effected a substantial economy in my department—an economy in accord with his previous Resolution—then he turns round and asks me, 'What about the staff?' I cannot object to the Hon'ble Member taking up the line I took myself last year, but I think I am entitled to raise some objections to the precise manner in which he has done so. The Hon'ble Member might, I think, have asked himself whether it was likely that I should disregard considerations on which I had myself laid some stress, and if he was uncertain, it would have been a very easy matter for him to ask me how the matter stood. I should have preferred him to take that course, and in moving a Resolution without ascertaining the facts of the case by means of a question or from the head of the department, I think he has departed a little from the consideration which he usually shows me.

"To enable the Council to come to a decision on this Resolution, it is necessary for me to explain briefly the general position. What we have found is that hitherto two sets of ledgers have been maintained for the private accounts of depositors in our Savings Banks. The Post Office maintains one set itself. That is only right and proper. It is no more than any bank would do. But secondly, and for the purposes of audit, another set has been maintained in the Accounts Office. We propose to substitute for this second-hand method, involving obviously a great deal of duplication and clerical work, a direct method of audit applied to the original books. By this simple change we save in the gross over a lakh of rupees. We shall require some inspecting staff, and the Post Office will have to employ a few more clerks, but even the net saving will probably be half a lakh. But the Hon'ble Member is concerned with the effect of these changes on the subordinate staff. I will tell him what we are doing. The men who cannot otherwise be provided for will of course get their compensation pensions or gratuities. That is all they are entitled to under the ordinary rules. But I have been making the best arrangements possible to retain them in the service. Some will go over to the Post Office. For others some posts will, I hope, be found in consequence of a redistribution of work between some of the Postal Accounts Offices which has to be made very shortly. Recruitment again has been stopped in all the Postal Accounts Offices since January, and this has been done with the object of giving the places to qualified men in the Savings Banks sections. A fair number also having earned their pension have intimated their willingness to retire.

"The Hon'ble Member will not expect me to give him exact figures at this stage, for the change will not take effect till July, and the details have not yet been fully worked out. I give him my assurance that no hardship will be caused which can be obviated, but I cannot go further than that. The real requirements which face us in half a dozen different directions are against extravagance. The interests of the tax-payer are against extravagance, and I cannot consent to the retention of unnecessary establishments or to delay in the introduction of reforms which, as in the present case, are clearly desirable."

The Hon'ble Mr. Subba Rao: "Sir, I am much obliged to the Hon'ble the Finance Member for the assurance he has given that in dealing with these clerks no hardship will be caused that can be avoided. He rather found fault with me for not having consulted him in the matter. I may assure the Hon'ble Member that I never intended to show him any disrespect. He will remember that last year I consulted him, but this year I thought it would be better that I should not intrude on his attention, as he was not in the best of health; but I was in communication with the Hon'ble Sir James Meston, and I had a talk with him on the subject, and he promised to look into it. But as the question was of some public importance, and as I knew that the Finance Department would deal

with these people generously and justly, I considered that a statement made by the Hon'ble the Finance Member in the Council would be valuable not only to the few individuals concerned, but also to the large number of Government servants who m ght any day find themselves in a similar predicament. I therefore thought it worth while to come to the Council with a Resolution on the subject. I hope the Hon'ble Member will take it from me that it was not out of any want of respect or regard for him that I did not consult him in this matter, but because I was in full communication with the Hon'ble Sir James Meston, who has been thoroughly sympathetic on the subject, and because I knew that the question, if brought forward, would elicit a public pronouncement for the guidance of all public servants. With these words I take the liberty of withdrawing the Resolution."

The Resolution was withdrawn.

POLICE.

The Hon'ble Mr. Gokhale: " Sir, I beg to move that this Council recommends to the Governor General in Council that the allotment to Police (India General) for next year be reduced by one lakh of rupees.

" On a reference to page 61 of the explanatory memorandum, the Council will see that the Imperial portion of police charges is shown there under three heads. One is India General, the second is Baluchistan and the third is North-West Frontier. Now, taking the budget and the revised figures for the current year, it will be seen that while the charges for Baluchistan and North-West Frontier have gone down, the revised figures being lower than the budget figures, the figure for India General has increased considerably. The explanatory paragraph appended to this head explains how the decreases against Baluchistan and North-West Frontier are only nominal; and as I do not raise any question about those entries, I will say nothing more about them. The entry against India General, on the other hand, shows an increase of Rs. 36,000 in the revised estimate over the budget estimate, but there is not a word of explanation in the explanatory paragraph about that increase. Now, Sir, my first query is, why is there no explanation given, and what is the explanation of the increase? Next, if the Council will look at the figures under this head for the last three years, namely, the accounts for 1910-11, the revised figures for 1911-12 and the budget figures for next year, it will be seen that there is a continuous increase in the charges. In the accounts of 1910-11, the charges were Rs. 8,45,000. Last year the budget estimate of the current year was taken at Rs. 8,96,000, whereas the revised figure now laid before us stands at Rs. 9,32,000; while in the budget for next year the sum that is entered is Rs. 9,37,000. Thus the sum budgetted for for next year is much larger than the actual for 1910-11. It is also much larger than that which was budgetted for last year, and is even slightly higher than the revised estimate for the current year. I should like to know why this item is showing an increase when the general policy of Government in regard to such charges is now one of retrenchment Then, Sir, I find from a return which was laid the other day on the table in reply to a question which I put about retrenchment that in the expenditure which the Home Department controls there is an item of 2·83 lakhs on account of the Central Criminal Investigation Department. That is on the authority of the Hon'ble Mr. Wheeler, Acting Home Secretary, and the amount is given for the year 1910-1911. Now, if we turn to the actuals for 1910-1911, as given in this yellow book—the Finance and Revenue Accounts which is published annually—I find that the cost of the Central Criminal Investigation Department of the Government of India for 1910-1911 was 3·05 lakhs, and not 2·83 lakhs as shown in the return. I should like to have an explanation of this discrepancy; evidently something is left out in the return, or something is included in this yellow book which I cannot make out. I want, therefore, to know whether the Criminal Investigation Department charges of the Government of India are really 2·83 lakhs or 3·05 lakhs. Lastly, Sir,—and that is the principal point for which I have raised this discussion to-day,—I want to know

how much of this sum represents the cost of the Government of India Criminal Investigation Department in Provinces which have got Criminal Investigation Departments of their own. I speak necessarily at a disadvantage in this matter, because outside the department the general public knows very little as to the constitution of the Criminal Investigation Department. But it is a matter of common knowledge that the Government of India Criminal Investigation Department maintains officers and men of its own—a small number—in the different Provinces, which have got their own Criminal Investigation Departments. And I should like to know how the spheres of work of the two are differentiated. Of course, so far as the territories directly under the Government of India are concerned, they would be for the Government of India Criminal Investigation Department. So also in regard to the Native States, which are in direct relations with the Government of India. Finally, the expenditure that is incurred in watching men in foreign countries would also come under the Government of India expenditure. So much I think is clear; but in addition to this, I have heard on good authority that the Government of India Criminal Investigation Department maintains a few officers and men of its own, and does espionage work on its own account, even in Provinces which have got their own full-fledged Criminal Investigation Departments, and I want to know why this is done. I find, Sir, that this has been a matter for repeated complaint on the part of several Local Governments, and the Decentralization Commission in its Report notes this complaint. This is what the Commission says:

'The Lieutenant-Governor of the United Provinces complained of encroachment on the Provincial sphere of administration by the Director of Criminal Intelligence, and we have received similar complaints in other Provinces as to what was regarded as the undesirable activity of this officer.'

"This year also, I gather from the newspapers that the Lieutenant-Governor of the United Provinces has complained in his Administration Report of constant friction between the Government of India Criminal Investigation Department and the Provincial Criminal Investigation Department. I should therefore like to know if such a duplication of machinery for espionage exists in the Provinces which have got their own Criminal Investigation Departments, and, if so, why the work is not altogether left to the Provincial Criminal Investigation Departments. Of course, as I have admitted, I speak more or less in the dock on this subject, because the outside public knows very little about this Department. The only thing that people are sure about is, that many of these Criminal Investigation Department men are a great nuisance to innocent people, and that they do their work not only without judgment, but often without a regard to appearances or decency. I therefore strongly urge that, if the Government of India maintain a Criminal Investigation Department of its own in the different Provinces, this duplication should be abolished, and whatever saving results from it should be effected."

The Hon'ble Sir Reginald Craddock: "Sir, the Hon'ble Mr. Gokhale in moving this Resolution has adopted the attitude of not desiring to criticise us unduly, but to obtain information on certain points on which he is not at present sufficiently informed to enable him to judge of the expenditure which is found in our Financial Statement. Now, in the first place, against 'India—General,' he has differentiated very rightly the expenditure which is definitely allotted to 'India—General' from the expenditure in Baluchistan and the North-West Frontier Province, but, as a matter of fact, out of the expenditure shown in 'India—General', all but a little over three lakhs relates to police expenditure in Coorg, and in certain minor administrations under the Foreign Department, and to Railway police on lines which run through Native States and have not been given to adjacent Provincial Governments to supervise. These items represent the normal expenditure on police in the country, and any increase that has taken place only in recent years has merely been in pursuance of the general policy of reform which we discussed little more than a week ago in this Council. So that, practically, the real item on which the Hon'ble Member desires to lay most stress is that item amounting to three lakhs and a little over, which represents the expenditure of the Criminal Investigation Department of the Central Government."

The Hon'ble Mr. Gokhale: "May I interrupt th Hon'ble Member? If the increase in the revised estimates over the budget esmates is in connexion with measures of police reform, why was not the necessary provision made in the budget estimates for the measures that were to be carried out?"

The Hon'ble Sir Reginald Craddock: "I was not referring to the increases in the revised over the budget, but I was referring, generally speaking, to the fact that increases have taken place of late years with regard to the reforms. With regard to the increase of the revised over the budget, additional expenditure was incurred, and the Hon'ble Member will, I am sure, recognise that that additional expenditure was quite properly incurred in connexion with the Royal visit, and this accounts for the increase of the revised under that head.

"Coming now, Sir, to the question of the three lakhs spent on the Imperial Criminal Investigation Department, the increase has not been so very large if we go back a few years. Nearly ten years ago, the expenditure on the old Thagi and Dacoiti Department averaged about two lakhs or a little over, and the increase that has taken place since then may be fully accounted for by the general development of communications by railways, telegraphs, roads and everything else which develops the energies of the criminal classes as wellas of the other classes of the community. There was a time not long ago when we found people—we cannot find them now who respected the boundaries of Administrations and States, and I recollect hearing of a case in which some dacoits, having unwittingly strayed over the boundary and having robbed some wayfarers, who were coming back to their homes, suddenly came upon the boundary marks, which showed that they had been carrying on their depredations inside British territory. Hurrying after the people they had robbed, with many apologies they handed back the goods they had taken from them and went away. Well, Sir, I must confess that conscientious dacoits of this kind are no longer to be found. We have got to recognise the unfortunate fact that criminals refuse to be restricted by the boundaries of Provinces or by the boundaries of States. You can rightly understand that, when things were much simpler and communication much less easy, each Local Government used to manage its own police, who were mainly concerned with their internal affairs, and it was only to a limited extent that they had to pursue criminals over the border. But, now, with the railways and telegraphs, it is absolutely necessary that there should be an organisation which can cope with crime that ramifies over the whole of the country; and the Police Commission, although they were not absolutely the originators of the system (for it had existed before), emphasised their recommendation on that point, and said that they were convinced of the necessity, on the part of the Government of India, to have a much more intimate knowledge of what was going on in every Province, and on the part of every Province to have a much more intimate knowledge of what was going on elsewhere, than at that time existed. In pursuance of this policy, it has been found necessary to employ officers attached to the Central Government whose duties may take them far afield and may keep them in various places at various times. But if we are to deal with cases of organized criminals, such as coiners, note-forgers, dealers in arms, and many others, not to mention the ordinary dacoits whose depredations extend over several Provinces, if we are to keep a hold on these people, and if Hon'ble Members wish to sleep quietly in their beds, we must have a central organisation of this kind. It is impossible of course that I should explain to the Council all details of the distribution of such an organisation—it would be quite impossible—for the whole essence of their success lies in the fact that their operations are not public. But I should like to emphasise the point that though political unrest and the political activities of late years have brought that aspect of their duties more prominently before the public, they must not forget the even more important duties that they perform in connexion with the organisation of crimes and criminals, who are becoming cleverer every day. These should not be lost sight of, and I feel sure that the Council will agree with me, now that I have explained this matter, that the sum of three

lakhs of rupees for a country of the size of India is really a very small sum to pay for an establishment which is so urgently required for dealing with serious crimes of this kind."

The Hon'ble Mr. Gokhale: "Sir, I would like to say just a word, and that is, that the Hon'ble Member has not told us why it is necessary to maintain a duplication of machinery for purposes of espionage in the Provinces which have their own Criminal Investigation Department for the work. He has also not told us what the Government of India has to say as regards the complaints which the Provincial Governments had been making on this subject. I quoted from the Decentralization Commission's Report an extract showing that the Lieutenant-Governor of the United Provinces complained even before the Commission that there was serious interference with the work of the Provincial Criminal Investigation Department by the Government of India Criminal Investigation Department; and this year again that Government has repeated that complaint. That being so, I think some explanation is necessary as to why such a system, which is complained of by Local Governments, should be maintained. However, as the Hon'ble Member the other day promised an inquiry into the whole question of the Criminal Investigation Department, I do not wish for the present to press my Resolution."

Accordingly the Resolution was withdrawn with the permission of the President.

The Council adjourned to Wednesday, the 13th March 1912.

W. H. VINCENT,
Secretary to the Government of India,
Legislative Department.

CALCUTTA;
The 15th March 1912.

Appendix No. 1.

A statistical statement of educational progress in British India was published in the *Gazette of India* of February 17th, 1912. The statistics there shewn and referred to in this summary are for the year 1910-11. The account of principal developments is brought up to date.

Statistics of pupils.—The grand total of pupils in all institutions (including private institutions) has risen by 142,277 to 6,345,582. Madras, Bombay, Bengal and Eastern Bengal and Assam shew solid, and the Punjab shews slight increase. The Central Provinces, the United Provinces and Burma are practically steady, with a slight fall in the case of the two last-mentioned provinces.

The percentage of those at school in public institutions to those of a school-going age has apparently fallen in the case of boys to 25·3. The fall is apparent only, since the calculation has been made on the new census figures, but even so the present percentage exceeds that in any previous year save 1909-10. The percentage in the case of girls remains for the same reason constant at 4·2, though the numbers exhibit an increase of about 30,000 in public institutions. The percentage of both boys and girls in public institutions to those of a school-going age* now stands at 14·9. The percentage of those in public and private institutions is to those of a school-going age 16·9 and to the total population 2·5.

In the provinces of Bombay, Bengal and Eastern Bengal and Assam, over 30 per cent. of the boys of a school-going age are at school in public institutions. The provinces which shew the lowest figure for boys are the United Provinces and the North-West Frontier Province, where respectively 14·4 and 11·8 per cent. are at public schools. Among the larger provinces, Burma heads the list as regards girls with 8·1 per cent. of those of a school-going age at public schools, though Coorg has 15 per cent. at school. The United Provinces is last with 1·3.

The increase in the number of pupils at collegiate and higher institutions amounts to 41,980 or 4·7 per cent. and the total now stands at 931,967, thus divided:—

	Male.	Female.	Total.
In colleges	31,073	374	31,447
In high schools	364,704	14,864	379,568
In middle schools	454,522	66,430	520,952

Madras alone exhibits a decline both in college and secondary school pupils—a number of weak institutions having been converted into complete elementary schools.

The increase in the number of pupils in primary schools amounts to 68,583, or 1·5 per cent. and the total now stands at 4,625,890, *viz.*:—

Male	3,936,419
Female	689,471

In the United Provinces there is a slight continued fall; the causes are being investigated. In Burma there has been a decrease of some 7,000 pupils, mainly accounted for by financial stringency.

Those under training for the profession of teaching were 12,586, an increase of 99; and 4,569 qualified during the year.

The number of pupils at technical schools is 10,535, an increase of 2,329.

In European and Anglo-Indian schools there are 32,844 pupils, an increase of 1,024.

The number of Muhammadans in public institutions is 1,216,401, an increase of 42,462. Of these 158,428 are in secondary schools and colleges and 949,502 in elementary schools.

Statistics of expenditure.—The total expenditure was ₹7,18,68,000. This is an increase of ₹31,92,000 over the preceding year. To this increase public funds have contributed ₹9,30,000. Of the total expenditure, roughly 370 lakhs

* 15 per cent. of the population is taken as representing the number of children of a school-going age.

are now met from public funds, *viz.*, 242 lakhs from provincial, 100 from local and 28 from Municipal. (To the last item the Bombay Presidency contributes $9\frac{1}{2}$ lakhs.) The remaining 348 lakhs are contributed from private sources, including 200 lakhs realised as fees.

Among the larger provinces, the highest expenditure is in Bengal—160 lakhs; the lowest is in the Central Provinces—31 lakhs. In those provinces where the aided system predominates, such as Madras, Bengal and Eastern Bengal and Assam, the expenditure from private sources exceeds that from public sources. Elsewhere, public funds contribute more than private.

The average annual cost of educating a pupil in public institutions is now R12·55 against R12·28 in the year 1909-1910.

Principal developments.—At the close of 1910 a Department of Education was created in the Government of India. The functions of the Department are not confined to Education. It deals with a number of other subjects which were formerly the work of the Home Department. Early in 1911 an imperial grant of over 90 lakhs was distributed among provinces for non-recurring educational purposes. In February 1911, the Hon'ble Member for Education held a Conference at Allahabad which dealt mainly with the questions of elementary, technical and industrial and moral and religious education. In July a Conference was held at Simla to discuss Oriental studies and research and kindred subjects. The results of these Conferences have been made public. Sir Robert Laidlaw also held a Conference in Calcutta on the subject of European Education, to the development of which he has promised a sum of £50,000. To the series of "Occasional Reports" has been added one dealing with educational buildings in India. Proposals for a new type of University have been made by the Muhammadan and the Hindu communities. The Indian Institute of Science has been opened in Bangalore. Sanction has been accorded to the establishment of a Technological Institute at Cawnpore. The expansion of secondary schools, as shewn by the figures given above, has been considerable; and in certain provinces the school final examination has made noteworthy strides. Progress in primary education has been comparatively less rapid, but, save in certain provinces, is steadily maintained.

Appendix No. 2.

NOTE ON SANITARY MEASURES TAKEN DURING THE YEAR 1911-12.

A memorandum by Surgeon General Lukis was laid on the table in September last, giving a full account of the measures taken up to that time for the eradication of plague and malaria in India.

The following additional information may be of interest to the Council.

(*a*) *Malaria.*

(1) A special malarial board has been constituted in Madras, and the Secretary of State has sanctioned the employment for three years, on malarial work, of a specially trained medical officer and an Assistant Surgeon, in addition to the staff employed by the local Government. Captain Horne, I.M.S., has been selected for this purpose.

(2) Sanction has been accorded to the extension of the deputation of the special malarial officers in Burma and the United Provinces for further periods of one and two years, respectively.

(3) Modifications have been made in the method of selecting officers to attend the malaria classes at Amritsar. Under the new arrangements it will be possible for any officer, who is seriously desirous of studying malaria, to gain admission. The class has also been enlarged so as to include both military medical officers and those in civil employ, and 32 officers have been selected to attend the class which will be held this month.

(4) The second Malaria Conference was convened at Bombay in November last and the proceedings have been published in the Annual Report of the Sanitary Commissioner with the Government of India for 1910. This Conference unanimously passed a series of resolutions pointing out the importance of instituting anti-mosquito measures wherever practicable in addition to making free use of quinine both for purposes of prophylaxis and treatment.

The Government have decided that the observations of Majors Liston and Christophers and of Dr. Bentley have shown that these measures may not prove as impossible a task as was formerly supposed, and it is proposed therefore to carry out anti-malarial operations in certain selected towns where a careful malarial survey has shown that the problem is one capable of practical solution.

(5) Experiments are being carried out in several of our large hospitals with a view to deciding what is the best preparation of quinine for general use and also the most efficient method of administration so as to obtain the full therapeutic effect. In addition to this, allotments of 3 lakhs in each case have been made for the formation of a reserve stock of quinine in Bengal and Madras.

(*b*) *Plague.*

(1) The Plague Advisory Committee continued its useful work under the direction in India of Major Liston. Two additional officers have been placed at the disposal of the Committee to carry out further observation on local immunity in Madras and the United Provinces, and in the laboratory at Parel important experiments are being carried out with a view to solving the difficult problem of the disinfection of gram bags without damage to their contents.

(2) Dr. G. F. Petrie was deputed to investigate the outbreak of Pneumonic Plague in Manchuria and his reports are now under consideration.

(3) A system of travelling dispensaries has been introduced into the United Provinces with the very best results. This system is an extension of, and improvement upon, that which has existed in the Punjab since 1907.

(*c*) *Yellow Fever.*

In view of the danger which will arise with the opening of the Panama Canal in 1913, Major James has been deputed to the endemic area of yellow

fever to study the disease and to formulate a scheme for preventing its introduction into India. In the meantime, local Governments are being addressed with a view to instituting a careful mosquito survey in order that we may have accurate information as regards the distribution at the various ports of the particular mosquito which is known to be the carrier of the disease in the West Indies.

(*d*) *Sleeping Sickness.*

In view of the possibility that this disease may be introduced into India from Africa, rules have been framed for the examination of suspected vessels and persons arriving from the East Coast of Africa, and a notification is about to issue prohibiting the importation of antelopes from Africa. Advantage has also been taken of the return of Captain Mackie from the Sleeping Sickness Commission to obtain the sanction of the Royal Society to the publishing of a pamphlet in popular form giving full information as to the present state of our knowledge of this disease. The pamphlet is now in the press and will be published shortly.

(*e*) *General Sanitation.*

Septic Tanks.—This is a great difficulty in India. The data on which sanitarians work in England are of little use in India, owing to the fact that we have here to deal with a population who are largely vegetarians. Excellent experimental work has already been carried out in Bengal by Major Clemesha and in Dacca by Captain Gourlay, and an experimental installation on a large scale has now been inaugurated at Poona under Captain Hutchinson, I.M.S. It is hoped that as the result of these experiments, reliable data for the designing and efficient working of installations for disposal of sewage by the bacterial method in this country will be available by the end of the year.

(*f*) *Infant Mortality.*

This important subject was discussed at the first Sanitary Conference. In addition to this the Government of India deputed Major Greig as their representative at the Congress for the protection of infants at the breast which met at Berlin in September 1911. His report, together with a number of important papers and publications, dealing with the problem of infant protection is now under examination and investigation.

(*g*) *Development of Research Institutes.*

Under this head come the grants for the development of the Central Research Institute at Kasauli and the Bombay Bacteriological Laboratory at Parel, and for the construction of a Bacteriological Laboratory in Burma.

At Kasauli it is proposed to constitute a separate Serum and Vaccine Department in order to meet the growing demand for curative sera of all kinds, and also to create three separate bureaux—one for general epidemological research, one for protozoology and one for malaria.

At Parel it is intended to enlarge and improve the present laboratories so as to fit them for teaching purposes, with a view to the institution of post-graduate classes such as are now held at Kasauli. These laboratories will, it is hoped, ultimately form part of a school of Tropical Medicine to be established in connection with the King Edward Memorial Hospital which is to be built in close proximity to the Parel laboratory.

(*h*) *The Tropical School of Medicine at Calcutta.*

This grant is intended to cover the construction of laboratories and research rooms for this school which will be worked in connection with the Calcutta Medical College and which will be open to all qualified practitioners for post-graduate study. The Government of India has also agreed to meet the recurring charges for the additional teaching staff. In connection with this school it is hoped that the Calcutta University will institute a Diploma in Tropical Medicine, similar to those granted at Liverpool and Greenwich.

(*i*) *The Indian Research Fund.*

The first meeting of the Scientific Advisory Body was held at Bombay on November 15th, 1911, when it was decided—

(*a*) to defray the cost of Major James' deputation to the endemic area of Yellow Fever,

(*b*) to make certain grants for the purchase of scientific literature,

(*c*) to start a fresh series of investigations into the problems connected with Cholera and Kala Azar,

(*d*) to formulate proposals for the co-ordination of work on medical entomology,

(*e*) to form a Committee to enquire into the present method of registering vital statistics and to study the causes of decrease in population—also to consider the important questions of Town-planning and of Popular Hygienic education and Propagandism.

The enquiry into Kala Azar has already commenced. The Madras Government has deputed Captain Patton for a period of six months to work on this subject in Royapuram and its neighbourhood, and the Research Fund are appointing for the same purpose Captain Mackie (who has recently returned from the Sleeping Sickness Commission), and are associating with him an Indian gentleman, Dr. Korke, who has been specially trained under Sir Ronald Ross at the Liverpool School of Tropical Medicine. Captain Mackie will probably work in Assam, and the general lines of the investigation have been worked out by a Committee consisting of Surgeon-General Bannerman, Major Christophers and Dr. Bentley.

The Cholera investigation will also start immediately, the two workers detailed for this being Major Greig and Captain Gloster, whilst the details of the investigation have been worked out by Sir David Semple and Major Leonard Rogers, whose work in connection with Cholera is so well known.

The report of the provisional committee on the study of Medical Entomology has been received and is now under consideration.

C. P. LUKIS.

The 5th March 1912.

Speech of the Honourable Finance Member

INTRODUCING THE

BUDGET FOR 1912-1913.

MY LORD,

The Financial Statement which I laid before this Council on the 1st of March has now passed through the various stages prescribed by our regulations, and on the whole it has met with a reception which cannot be otherwise than gratifying to the Government of India. What I now lay upon the table is the Statement in its final form as the Budget of next year. It has been again examined in close detail, and revised wherever necessary in the light of later information and in accordance with such alterations as Local Governments have made in their provincial figures after the discussions in their Legislative Councils. The explanatory memorandum has also been thoroughly checked and brought up to date. There will be no debate upon the Budget to-day; but on Monday there will be the usual closing discussion which marks the end of the Calcutta session.

Revised 1911-12.

2. In our Revised estimate for the current year, the corrections which have been made on receipt of the February figures have had the effect of raising the Imperial surplus to just over £3 millions. The Land Revenue is coming in better than we expected in the Punjab, United Provinces, Burma and Bombay; and the Imperial share of the improvement is £142,000. The striking expansion of Railway traffic has compelled us to enhance our estimate under that head by £133,000 since the beginning of the month. Salt continues progressive; Customs, Stamps and Excise receipts have all been on the up-grade; and the March sales of opium in Calcutta again exceeded our forecast. The total net betterness is £343,000. The only appreciable item on the other side of the account appears in the Home charges, where there is an excess of £98,000, part of which I foreshadowed in the Financial Statement.

Budget, 1912-13.

3. For next year there have been several unimportant corrections with which I need not weary the Council. We have had to raise our forecast of Salt revenue in sympathy with the improvement which is now at work; and we have made slight additions for the same reason, to our Stamps and Excise estimates. On the other hand the Land Revenue has had to come down in consequence of some unexpected advance collections in the current month; and the more exact figures which we have now obtained indicate that the imposition of the Proprietary Estates Village Service cess in Madras has progressed so far that its remission will cost us more in 1912-13 than our preliminary estimate had suggested. The net result of these and a few other corrections leaves our Imperial surplus for next year at £1,478,300, being within five lakhs of the figure which I took in the Financial Statement.

Ways and Means. 1911-12 and 1912-13.

4. Turning to Capital expenditure and Ways and Means generally, I have to record a further improvement of £853,000 in this year's closing balance. Part of this is due to the improvement in the Imperial Surplus (£343,000); part to additional savings in the Provincial grants (£249,000); and most of the remainder to further lapses in State Railway Capital outlay (£245,000). The closing balance of 1912-13 will not, so far as I can judge, obtain the whole benefit of this improvement, as we have had to raise some of the Provincial grants and provide for larger outgoings of Imperial loans and advances. But the balances will be £584,000 better than my estimate of the 1st March. In view of the continued high sales of Council Bills in the current month, we have raised our figure of remittances by £600,000. In no other respect has there been any important alteration in the figures already before the Council.

GUY FLEETWOOD WILSON.

22nd March 1912.

BUDGET

OF THE

GOVERNMENT OF INDIA

MARCH 1912.

ACCOUNTS	1910-1911
REVISED ESTIMATES	1911-1912
BUDGET ESTIMATES	1912-1913

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I.—General Statement of the Revenue, and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1910-1911.	Budget Estimate, 1911-1912.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.
Revenue—					
Principal Heads of Revenue—		£	£	£	£
Land Revenue	A	20,877,521	21,418,800	20,743,200	21,276,000
Opium	„	7,521,962	4,280,400	5,904,700	3,622,000
Salt	„	3,175,950	3,291,700	3,409,800	3,427,800
Stamps	„	4,811,691	4,799,600	4,781,200	4,908,000
Excise	„	7,030,314	7,226,400	7,646,900	7,907,900
Customs	„	6,619,009	6,214,000	6,568,600	6,398,300
Other Heads	„	5,010,538	5,063,100	5,146,100	5,217,800
TOTAL PRINCIPAL HEADS	...	55,046,985	52,294,000	54,200,500	52,757,800
Interest	A	1,465,439	1,177,000	1,448,200	1,227,300
Post Office	„	1,996,922	2,136,100	2,122,400	2,218,900
Telegraph	„	997,159	1,046,400	1,066,400	1,065,100
Mint	„	196,110	198,500	341,000	205,700
Receipts by Civil Departments	„	1,211,123	1,211,600	1,206,700	1,226,600
Miscellaneous	„	677,891	600,300	733,200	552,400
Railways: Net Receipts	„	13,881,461	13,963,600	15,284,400	14,540,200
Irrigation	„	3,694,521	3,824,100	3,977,200	3,921,100
Other Public Works	„	293,833	335,300	325,700	320,900
Military Receipts	„	1,221,029	1,248,000	1,333,100	1,318,000
TOTAL REVENUE	...	80,682,473	78,034,900	82,038,800	79,354,000

N. G. BASU,
Offg. Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT,
March 22, 1912.

Revenue, of the Government of India, in India and in England.

	For details, *vide* Statement.	Accounts, 1910-1911.	Budget Estimate, 1911-1912.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.
Expenditure—		£	£	£	£
Direct Demands on the Revenues	B	8,856,223	9,071,000	8,700,000	8,856,800
Interest	„	2,168,902	2,125,100	2,079,800	2,045,200
Post Office	„	1,950,892	2,021,000	2,037,300	2,049,200
Telegraph	„	976,832	1,093,600	1,116,900	1,094,500
Mint	„	92,369	93,800	115,600	101,400
Salaries and Expenses of Civil Departments	„	14,931,367	16,858,400	16,466,200	17,477,300
Miscellaneous Civil Charges	„	4,810,767	4,886,700	4,932,800	4,908,100
Famine Relief and Insurance	„	1,000,000	1,000,000	1,000,000	1,000,000
Railways: Interest and Miscellaneous Charges	„	11,863,965	12,113,800	12,161,800	12,518,300
Irrigation	„	3,110,134	3,343,600	3,175,900	3,314,900
Other Public Works	„	4,537,462	5,501,500	5,339,200	5,655,200
Military Services	„	20,486,071	20,823,200	20,961,800	20,412,500
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	74,784,984	78,931,700	78,087,300	79,433,400
Add—Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.	End of B	1,961,202	...	858,500	...
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	...	*1,716,000*	...	*1,557,700*
TOTAL EXPENDITURE CHARGED TO REVENUE	...	76,746,186	77,215,700	78,945,800	77,875,700
SURPLUS	...	3,936,287	819,200	3,093,000	1,478,300
TOTAL	...	80,682,473	78,034,900	82,038,800	79,354,000

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details *vide* Statement.	Receipts.			
		Accounts, 1910-1911.	Budget Estimate, 1911-1912.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.
		£	£	£	£
Surplus	C	3,936,287	819,200	3,093,000	1,478,300
Railway, Irrigation and other Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (net)	C	2,294,278	1,357,500	...	...
Capital raised and deposited by Railway Companies (net)	"	87,241	36,500	28,900	1,965,600
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	8,896,956	2,088,900	1,825,900	2,931,100
Unfunded Debt (net Incurred)	"	1,164,908	1,123,300	1,827,000	1,318,700
Deposits and Advances (net)	"	1,550,367	...	2,038,900	...
Loans and Advances by Imperial Government (net Repayments)	"	174,074	...	175,400	...
Loans and Advances by Provincial Governments (net Repayments)	"	576,135	30,900	...	...
Loans to Local Boards for Railway Construction	"	6,328	6,600	6,600	6,900
Remittances (net)	"	203,370	2,200	618,400	3,400
Secretary of State's Bills drawn	"	23,638,303	15,825,000	25,100,000	15,500,000
TOTAL RECEIPTS	...	42,528,247	21,290,100	34,714,100	23,204,000
Opening Balance—India	...	12,295,428	12,465,528	13,566,922	11,808,222
England	...	15,809,618	17,543,418	18,174,349	19,395,949
TOTAL	...	70,633,293	51,299,046	66,455,371	54,408,171

N. G. BASU,
Offg. Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 22, 1912.

Government of India, in India and in England.

	For details, *vide* Statement.	Disbursements			
		Accounts, 1910-1911.	Budget Estimate, 1911-1912.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.
		£	£	£	£
Railway, Irrigation and other Capital not charged to Revenue—					
Outlay on Irrigation Works	C	1,203,888	1,266,700	1,611,400	1,415,500
Outlay on State Railways	„	8,915,205	8,103,200	6,951,500	7,836,700
Initial outlay on new Capital at Delhi	„	...	...	100,000	1,333,300
Outlay of Railway Companies (net)	„	—1,375,963	1,434,000	933,600	1,319,500
Capital involved in Redemption of Railway Liabilities	„	5,904,100	...	...	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	14,647,230	10,803,900	9,596 500	11,905,000
Debt, Deposits, and Advances—					
Temporary Debt (net Discharged)	C	1,000,000	500,000	500,000	4,500,000
Deposits and Advances (net)	„	...	1,339,500	...	1,184,300
Loans and Advances by Imperial Governments (net Advances)	„	...	114,200	...	165,400
Loans and Advances by Provincial Governments (net Advances)	„	...	...	328,200	240,000
Secretary of State's Bills paid	„	23,244,792	15,825,700	24,826,500	15,769,000
TOTAL DISBURSEMENTS	...	38,892,022	28,583,300	35,251,200	33,763,700
Closing Balance—India	...	13,566,922	12,483,228	11,808,222	12,868,022
England	...	18,174,349	10,232,518	19,395,949	7,776,449
TOTAL	...	70,633,293	51,299,046	66,455,371	54,408,171

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

A.—*Statement of the Revenue of*

HEADS OF REVENUE.	ACCOUNTS, 1910-1911.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial.				Imperial.	Provincial.
Principal Heads of Revenue—	*R*	*R*	£	£	£	*R*	*R*
I.—Land Revenue	9,50,36,230	21,81,26,578	20,877,521	...	20,877,521	11,59,58,000	19,51,90,000
II.—Opium	11,28,29,433	...	7,521,962	...	7,521,962	8,85,71,000	...
III.—Salt	4,76,39,253	...	3,175,950	...	3,175,950	5,11,47,000	...
IV.—Stamps	3,65,70,770	3,56,04,593	4,811,691	...	4,811,691	3,63,69,000	3,53,50,000
V.—Excise	5,37,76,727	5,16,77,988	7,030,314	...	7,030,314	3,40,58,000	8,06,45,000
VI.—Provincial Rates	3,370	83,12,307	554,378	...	554,378	13,000	83,26,000
VII.—Customs	9,92,85,138	...	6,619,009	...	6,619,009	9,85,29,000	...
VIII.—Assessed Taxes	1,33,41,891	1,05,57,622	1,593,301	...	1,593,301	1,35,80,000	1,10,15,000
IX.—Forest	1,42,05,664	1,32,37,694	1,829,557	...	1,829,557	9,55,000	2,78,38,000
X.—Registration	58,734	63,29,091	425,855	...	425,855	67,000	64,23,000
XI.—Tributes from Native States	91,11,699	...	607,447	...	607,447	89,74,000	...
TOTAL	48,18,58,909	34,38,45,873	55,046,985	...	55,046,985	44,82,21,000	36,47,87,000
XII.—Interest	1,08,42,013	49,57,573	1,053,306	412,133	1,465,439	1,04,33,000	45,70,000
XIII.—Post Office	2,99,53,836	...	1,996,922	...	1,996,922	3,18,36,000	...
XIV.—Telegraph	1,48,92,327	...	992,822	4,337	997,159	1,59,21,000	...
XV.—Mint	29,41,653	...	196,110	-	196,110	51,13,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	2,62,815	43,97,132	310,663	...	310,663	3,07,000	45,21,000
XVI.—Law and Justice { Jails	3,50,615	32,16,252	237,791	...	237,791	3,65,000	32,58,000
XVII.—Police	1,70,778	21,59,814	155,373	...	155,373	52,000	17,33,000
XVIII.—Ports and Pilotage	...	21,97,963	146,531	...	146,531	...	21,97,000
XIX.—Education	37,013	27,17,533	183,636	...	183,636	40,000	29,99,000
XX.—Medical	8,352	9,35,014	62,891	806	63,697	8,000	9,57,000
XXI.—Scientific and other Minor Departments	1,79,053	15,03,520	112,172	1,260	113,432	2,16,000	14,20,000
TOTAL	10,08,626	1,71,27,228	1,209,057	2,066	1,211,123	9,88,000	1,70,85,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	12,42,785	7,49,227	132,801	62,688	195,489	12,05,000	7,75,000
XIII.—Stationery and Printing	6,80,974	7,83,868	97,656	...	97,656	6,53,000	8,01,000
XXIV.—Exchange	10,51,256	...	70,084	...	70,084	15,85,000	...
XXV.—Miscellaneous	15,18,748	27,56,383	285,009	29,653	314,662	20,43,000	25,91,000
TOTAL	44,93,763	42,89,478	585,550	92,341	677,891	54,86,000	41,67,000
Railways—							
XXVI.—State Railways (Gross Receipts)	45,93,47,555	95,331	30,629,526	230	30,629,756	49,71,95,000	1,05,000
Deduct:—Working Expenses	*24,47,73,602*	*80,826*	*16,323,629*	...	*16,323,629*	*26,23,17,000*	*83,000*
Surplus profits paid to Companies, etc.	*69,60,184*	...	*464,012*	...	*464,012*	*64,88,000*	...
Net Receipts	20,76,13,769	14,505	13,841,885	230	13,842,115	22,83,90,000	22,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	...	...	...	...	...	...	...
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of Advances of Interest)	2,03,920	...	13,595	25,751	39,346	1,80,000	...
TOTAL	20,78,17,689	14,505	13,855,480	25,981	13,881,461	22,85,70,000	22,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,51,68,147	1,91,52,611	2,288,051	...	2,288,051	1,47,67,000	2,09,36,000
Portion of Land Revenue due to Irrigation	1,01,86,223	74,83,855	1,178,005	...	1,178,005	1,10,91,000	92,13,000
XXX.—Minor Works and Navigation	10,88,639	23,38,341	228,465	...	228,465	14,14,000	22,37,000
TOTAL	2,64,43,009	2,89,74,807	3,694,521	...	3,694,521	2,72,72,000	3,23,86,000
Other Public Works—							
XXXI.—Civil Works	4,90,275	36,17,224	273,833	20,000	293,833	10,42,000	38,43,000
Military Receipts—							
XXXII.—Army: Effective	84,07,438	...	560,496	387,658	948,154	93,07,000	...
Non-Effective	11,87,317	...	79,154	31,341	110,495	12,43,000	...
	95,94,755	...	639,650	418,999	1,058,649	1,05,50,000	...
XXXIII.—Marine	13,76,810	...	91,787	...	91,787	11,89,000	...
XXXIV.—Military Works	10,58,888	...	70,593	...	70,593	11,37,000	...
TOTAL	1,20,30,453	...	802,030	418,999	1,221,029	1,28,76,000	...
TOTAL REVENUE	79,27,72,553	40,28,26,688	79,706,616	975,857	80,682,473	78,77,58,000	42,68,60,000

India, in India and in England.

ESTIMATE, 1911-1912.				BUDGET ESTIMATE, 1912-1913.						
				INDIA. (RUPEE FIGURES.)						
Total India (converted into £ at R15=£1).	England.	TOTAL.	Increase + Decrease — as compared with Budget Estimate, 1911-1912.	Imperial.	Provincial.	Total India (converted into £ at R15=£1).	England.	TOTAL.	Increase + Decrease — of Budget, 1912-1913, as compared with Budget Estimate, 1911-1912.	Increase + Decrease — of Budget, 1912-1913, as compared with Revised Estimate, 1911-1912.
£	£	£	£	R	R	£	£	£	£	£
20,743,200	...	20,743,200	—675,600	14,40,38,000	17,51,01,000	21,276,000	...	21,276,000	—142,800	+532,800
5,904,700	...	5,904,700	+1,624,300	5,43,31,000	...	3,622,000	...	3,622,000	—658,400	—2,282,700
3,409,800	...	3,409,800	+118,100	5,14,17,000	...	3,427,800	...	3,427,800	+136,100	+18,000
4,781,200	...	4,781,200	—18,400	3,73,20,000	3,62,99,000	4,908,000	...	4,908,000	+108,400	+126,800
7,646,900	...	7,646,900	+420,500	3,30,53,000	8,55,65,000	7,907,900	...	7,907,900	+681,500	+261,000
555,900	...	555,900	+10,900	17,000	82,39,000	550,400	...	550,400	+5,400	—5,500
6,568,600	...	6,568,600	+354,600	9,59,75,000	...	6,398,300	...	6,398,300	+184,300	—170,300
1,639,700	...	1,639,700	+36,300	1,36,16,000	1,10,65,000	1,645,400	...	1,645,400	+42,000	+5,700
1,919,500	...	1,919,500	+54,000	10,80,000	2,85,37,000	1,974,500	...	1,974,500	+109,000	+55,000
432,700	...	432,700	+2,300	66,000	65,88,000	443,600	...	443,600	+13,200	+10,900
598,300	...	598,300	—20,500	90,59,000	...	603,900	...	603,900	—14,900	+5,600
54,200,500	...	54,200,500	+1,906,500	43,99,72,000	35,13,94,000	52,757,800	...	52,757,800	+463,800	—1,442,700
1,000,200	448,000	1,448,200	+271,200	1,03,91,000	41,45,000	969,100	258,200	1,227,300	+50,300	—220,900
2,122,400	...	2,122,400	—13,700	3,32,84,000	...	2,218,900	...	2,218,900	+82,800	+96,500
1,061,400	5,000	1,066,400	+20,000	1,58,94,000	...	1,059,600	5,500	1,065,100	+700	—1,300
340,900	100	341,000	+142,500	30,86,000	..	205,700	...	205,700	+7,200	—135,300
321,900	...	321,900	+19,000	2,57,000	45,68,000	321,700	...	321,700	+18,800	—200
241,500	...	241,500	+1,500	3,68,000	33,74,000	249,500	...	249,500	+9,500	+8,000
119,000	...	119,000	—32,100	49,000	15,64,000	107,500	...	107,500	—43,600	—11,500
146,500	...	146,500	+3,800	...	21,93,000	146,200	...	146,200	+3,500	—300
202,600	...	202,600	+2,100	43,000	31,48,000	212,700	...	212,700	+12,200	+10,100
64,300	800	65,100	+1,800	8,000	9,59,000	64,500	800	65,300	+2,000	+200
109,100	1,000	110,100	—1,000	2,88,000	15,51,000	122,600	1,100	123,700	+12,600	+13,600
1,204,900	1,800	1,206,700	—4,900	10,13,000	1,73,57,000	1,224,700	1,900	1,226,600	+15,000	+19,900
132,000	67,400	199,400	+4,700	12,11,000	7,99,000	134,000	65,100	199,100	+4,400	—300
96,900	...	96,900	+100	6,02,000	8,23,000	95,000	...	95,000	—1,800	—1,900
105,700	...	105,700	+105,700	...	...	...	...	...	...	—105,700
308,900	22,300	331,200	+22,400	11,38,000	24,92,000	242,000	16,300	258,300	—50,500	—72,900
643,500	89,700	733,200	+132,900	29,51,000	41,14,000	471,000	81,400	552,400	—47,900	—180,800
33,153,300	200	33,153,500	+1,719,900	48,84,00,000	1,00,000	32,566,700	200	32,566,900	+1,133,300	—586,600
17,493,400	...	*17,493,400*	—346,700	*26,49,15,000*	*85,000*	*17,666,700*	...	*17,666,700*	—520,000	—173,300
432,500	...	*432,500*	—55,000	*61,67,000*	...	*411,100*	...	*411,100*	—33,600	+21,400
15,227,400	200	15,227,600	+1,318,200	21,73,18,000	15,000	14,488,900	200	14,489,100	+579,700	—738,500
...	...	...	...	...	...	...	...	...	...	...
12,000	44,800	56,800	+2,600	1,90,000	...	12,600	38,500	51,100	—3,100	—5,700
15,239,400	45,000	15,284,400	+1,320,800	21,75,08,000	15,000	14,501,500	38,700	14,540,200	+576,600	—744,200
2,380,200	...	2,380,200	+68,300	1,44,90,000	1,98,97,000	2,292,500	...	2,292,500	—19,400	—87,700
1,353,600	...	1,353,600	+86,600	1,13,22,000	94,42,000	1,384,300	...	1,384,300	+117,300	+30,700
243,400	...	243,400	—1,800	14,06,000	22,59,000	244,300	...	244,300	—900	+900
3,977,200	...	3,977,200	+153,100	2,72,18,000	3,15,98,000	3,921,100	...	3,921,100	+97,000	—56,100
325,700	...	325,700	—9,600	4,47,000	43,67,000	320,900	...	320,900	—14,400	—4,800
620,500	442,700	1,063,200	+79,200	1,07,37,000	...	715,800	326,800	1,042,600	+58,600	—20,600
82,900	32,000	114,900	+8,000	12,05,000	...	80,300	32,000	112,300	+5,400	—2,600
703,400	474,700	1,178,100	+87,200	1,19,42,000	...	796,100	358,800	1,154,900	+64,000	—23,200
79,200	...	79,200	—11,200	13,66,000	...	91,100	...	91,100	+700	+11,900
75,800	...	75,800	+9,100	10,80,000	...	72,000	...	72,000	+5,300	—3,800
858,400	474,700	1,333,100	+85,100	1,43,88,000	...	959,200	358,800	1,318,000	+70,000	—15,100
80,974,500	1,064,300	82,038,800	+4,003,900	76,61,52,000	41,29,90,000	78,609,500	744,500	79,354,000	+1,319,700	—2,684,800

B.—*Statement of the Expenditure charged to the*

HEADS OF EXPENDITURE.	ACCOUNTS, 1910-1911. India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.	Total India (converted into £ at R15=£1).	England.	Total.	REVISED India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.
Direct Demands on the Revenues—	₹	₹	£	£	£	₹	₹
1.—Refunds and Drawbacks	30,56,754	11,27,583	278,956	...	278,956	33,50,000	13,43,000
2.—Assignments and Compensations	84,67,618	97,74,680	1,216,153	...	1,216,153	82,71,000	1,01,66,000
Charges in respect of Collection, *viz.*:—							
3.—Land Revenue	41,92,353	5,07,15,296	3,660,510	1,916	3,662,426	41,90,000	5,26,99,000
4.—Opium (including cost of Production)	1,86,92,284	...	1,246,152	505	1,246,657	1,10,70,000	...
5.—Salt (including cost of Production)	56,18,198	...	374,547	2,529	377,076	55,36,000	...
6.—Stamps	—4,14,901	10,80,320	44,361	79,459	123,820	—5,04,000	11,34,000
7.—Excise	31,32,887	29,50,057	405,530	464	405,994	21,50,000	41,70,000
8.—Provincial Rates	...	69,363	4,624	...	4,624	...	85,000
9.—Customs	35,83,963	...	238,931	635	239,566	37,41,000	...
10.—Assessed Taxes	2,03,723	2,01,140	26,991	...	26,991	2,10,000	2,07,000
11.—Forest	81,06,225	72,99,863	1,027,072	6,189	1,033,261	9,56,000	1,64,23,000
12.—Registration	18,237	35,92,254	240,699	...	240,699	19,000	37,01,000
Total	5,46,57,341	7,68,10,556	8,764,526	91,697	8,856,223	3,89,89,000	8,99,28,000
Interest—							
13.—Interest on Debt	3,57,90,498	1,23,31,447	3,208,130	5,781,552	8,989,682	3,71,85,000	1,22,15,000
Deduct—Amounts chargeable to Railways†	*4,30,61,629*	...	*2,870,775*	*3,396,910*	*6,267,685*	*4,56,15,000*	...
„ Amounts chargeable to Irrigation	*57,20,986*	*93,25,008*	*1,003,066*	*112,344*	*1,115,410*	*65,94,000*	*92,71,000*
Remainder chargeable on Ordinary Debt	—1,29,92,117	30,06,439	—665,711	2,272,298	1,606,587	—1,50,24,000	29,44,000
14.—Interest on other obligations	84,34,725	5	562,315	...	562,315	90,07,000	...
Total	—45,57,392	30,06,444	—103,396	2,272,298	2,168,902	—60,17,000	29,44,000
15.—Post Office	2,84,06,978	...	1,893,798	57,094	1,950,892	2,97,36,000	...
16.—Telegraph	1,27,23,698	...	848,247	128,585	976,832	1,39,35,000	...
17.—Mint	13,04,673	...	86,978	5,391	92,369	16,56,000	...
Salaries and Expenses of Civil Department							
18.—General Administration	95,41,764	1,15,72,994	1,407,651	348,609	1,756,260	1,75,95,000	1,55,36,000
19.—Law and Justice { Courts	9,23,520	4,20,61,347	2,865,658	1,372	2,867,030	9,60,000	4,32,00,000
19.—Law and Justice { Jails	18,89,321	1,08,78,935	851,217	...	851,217	18,05,000	1,11,34,000
20.—Police	28,13,709	6,24,28,607	4,349,488	2,124	4,351,612	29,51,000	6,58,63,000
21.—Ports and Pilotage	...	26,67,514	177,834	56	177,890	...	26,82,000
22.—Education	9,28,552	2,66,02,401	1,835,397	10,846	1,846,243	6,78,000	2,93,43,000
23.—Ecclesiastical	18,65,160	...	124,344	334	124,678	19,01,000	...
24.—Medical	9,89,755	1,35,79,988	971,316	11,606	982,922	8,47,000	1,63,66,000
25.—Political	1,51,37,424	12,19,383	1,090,454	5,016	1,095,470	1,28,02,000	15,81,000
26.—Scientific and other Minor Departments	62,77,416	65,40,989	854,560	23,485	878,045	71,70,000	70,29,000
Total	4,03,66,621	17,75,52,158	14,527,919	403,448	14,931,367	4,67,09,000	19,27,34,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	33,77,212	...	225,148	10,858	236,006	32,76,000	...
28.—Civil Furlough and Absentee Allowances	6,273	...	418	394,893	395,311	15,000	...
29.—Superannuation Allowances and Pensions	11,88,937	1,52,71,178	1,097,341	2,048,548	3,145,889	12,35,000	1,59,47,000
30.—Stationery and Printing	11,52,068	77,24,553	591,775	122,394	714,169	11,84,000	75,35,000
32.—Miscellaneous	10,23,659	32,96,674	288,022	31,370	319,392	9,62,000	43,96,000
Total	67,48,149	2,62,92,405	2,202,704	2,608,063	4,810,767	66,72,000	2,78,78,000
Famine Relief and Insurance—							
33.—Famine Relief	34,789	252	2,336	...	2,336	12,89,000	2,000
34.—Construction of Protective Railways	4,00,969	...	26,731	10,164	36,895	6,88,000	...
35.—Construction of Protective Irrigation Works	52,71,178	...	351,412	8,262	359,674	57,38,000	...
36.—Reduction or Avoidance of Debt	52,66,422	37,50,000	601,095	...	601,095	32,48,000	37,50,000
Total	1,09,73,358	37,50,252	981,574	18,426	1,000,000	1,09,63,000	37,52,000
Carried over	15,06,23,426	28,74,11,815	29,202,350	5,585,002	34,787,352	14,26,43,000	31,72,36,000

† Included under the following heads:—	ACCOUNTS, 1910-1911. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.	REVISED ESTIMATE, 1911-1912. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.
	₹	£	£	£	₹	£	£	£
State Railways—Interest on Debt	3,99,69,554	2,664,637	3,177,697	5,842,334	4,21,28,000	2,808,500	3,445,900	6,254,400
Ditto —Interest chargeable against Companies on Advances	30,92,075	206,138	219,213	425,351	34,87,000	232,500	175,500	408,000
Total	4,30,61,629	2,870,775	3,396,910	6,267,685	4,56,15,000	3,041,000	3,621,400	6,662,400

Revenues of India, in India and in England.

ESTIMATE, 1911-1912.			Increase + Decrease — as compared with Budget Estimate, 1911-1912.	BUDGET ESTIMATE, 1912-1913.					Increase + Decrease — of Budget, 1912-1913, as compared with Budget Estimate, 1911-1912.	Increase + Decrease — of Budget, 1912-1913, as compared with Revised Estimate, 1911-1912.
				India. (Rupee Figures.)						
Total India (converted into £ at R15=£1).	England.	Total.		Imperial.	Provincial.	Total India (converted into £ at R15=£1).	England.	Total.		
£	£	£	£	R	R	£	£	£	£	£
312,900	...	312,900	+64,100	28,95,000	11,88,000	272,200	...	272,200	+ 23,400	—40,700
1,229,100	...	1,229,100	+ 6,200	82,33,000	1,01,90,000	1,228,200	...	1,228,200	+ 5,300	—900
3,792,600	1,900	3,794,500	—11,300	42,68,000	5,52,40,000	3,967,200	1,000	3,968 200	+ 162,400	+ 173,700
738,000	700	738,700	—444,800	1,03,09,000	...	687,200	500	687,700	—495,800	— 51,000
369,100	700	369,800	+ 3,300	56,41.000	..	376,100	800	376,900	+ 10,400	+ 7,100
42,000	95,300	137,300	— 3,600	—4,79,000	11,47,000	44,500	110,500	155,000	+ 14,100	+ 17,700
421,300	100	421,400	— 14,000	21,04.000	44,05,000	434,000	...	434,000	—1,400	+ 12,600
5,700	...	5,700	—1,600	...	88,000	5,900	...	5,900	1,400	+ 200
249,400	500	249,900	+ 1,700	38,39,000	...	255,900	100	256,000	+ 7,800	+ 6,1
27,800	...	27,800	—400	2,26,000	2,18,000	29,600	..	29,600	+ 1,400	+ 1,800
1,158,600	6,300	1,164,900	+ 28,700	10,15,000	1,68,64,000	1,191,900	5,300	1,197,200	+ 61,000	+ 32,300
248,000	...	248,000	+ 700	20,000	36,68,000	245,900	...	245,900	—1,400	—2,100
8,594,500	105,500	8,700,000	—371,000	3,80,71,000	9,30,08,000	8,738,600	118,200	8,856,800	—214,200	+ 156,800
3,293,300	6,022,700	9,316,000	— 13,300	3,83,30,000	1,27,20,000	3,403,400	6,171,700	9,575,100	+ 245,800	+ 259,100
3,041,000	*3,621,400*	*6,662,400*	— 35,800	*4,86,94,000*	...	*3,246,300*	*3,694,900*	*6,941,200*	—314,600	—278,800
1,057,700	*116,600*	*1,174,300*	—4,700	*72,16,000*	*96,29,000*	*1,123,000*	*118,500*	*1,241,500*	—71,900	—67,200
—805,400	2,284,700	1,479,300	—53,800	—1,75,80,000	30,91,000	—965,900	2,358,300	1,392,400	—140,700	—86,900
600,500	...	600,500	+ 8,500	97,92,000	..	652,800	...	652,800	+ 60,800	+ 52,300
—204,900	2,284,700	2,079,800	—45,300	—77,88,000	30,91,000	—313,100	2,358,300	2,045,200	— 79,900	—34,600
1,982,400	54,900	2,037,300	+ 16,300	2,99,19,000	..	1,994,600	54,600	2,049,200	+ 28,200	+ 11,900
929,000	187,900	1,116,900	+ 23,300	1,42,98,000	..	953,200	141,300	1,094,500	+ 900	—22,400
110,400	5,200	115,600	+ 21,800	14,15,000	...	94,300	7,100	101,400	+ 7,600	—14,200
2,208,700	443,200	2,651,900	+ 74,700	1,08,16,000	1,24,99,000	1,554,300	349,700	1,904,000	—673,200	—747,900
2,944,000	3,500	2,947,500	+ 21,500	9,78,000	4,36,54,000	2,975,500	1,600	2,977,100	+ 51,100	+ 29,600
862,600	...	862,600	—25,100	19,14,000	1,14,24,000	889,200	...	889,200	+ 1,500	+ 26,600
4,587,600	1,700	4,589,300	—50,800	30,71,000	6,68,21,000	4,659,500	1,500	4,661,000	+ 20,900	+ 71,700
178,800	100	178,900	+ 1,900	...	26,33,000	175,500	100	175,600	—1,400	—3,300
2,001,400	11,000	2,012,400	—282,500	87,33,000	3,71,28,000	3,057,400	10,500	3,067,900	+773,000	+ 1,055,500
126,700	300	127,000	—800	19,72,000	...	131,500	400	131,900	+ 4,100	+ 4,900
1,147,600	12,200	1,159,800	—132,700	16,60,000	2,35,80,000	1,682,700	12,100	1,694,800	+ 402,300	+ 535,000
958,900	10,200	969,100	+ 56,800	1,26,14,000	12,20,000	922,300	4,000	926,300	+ 14,000	—42,800
946,600	21,100	967,700	— 55,200	62,95,000	90,22,000	1,021,100	28,400	1,049,500	+ 26,600	+ 81,800
15,962,900	503,300	16,466,200	—392,200	4,80,53,000	20,79,81,000	17,069,000	408,300	17,477,300	+ 618,900	+ 1,011,100
218,400	11,100	229,500	—3,200	32,68,000	...	217,900	11,100	229,000	—3,700	—500
1,000	426,500	427,500	+ 19,100	8,000	...	500	404,000	404,500	—3,900	—23,000
1,145,400	2,052,000	3,197,400	—8,400	12,40,000	1,64,86,000	1,181,700	2,063,000	3,244,700	+ 38,900	+ 47,300
581,300	107,900	689,200	—23,800	11,46,000	75,19,000	577,700	114,000	691,700	— 21,300	+ 2,500
357,200	32,000	389,200	+ 62,400	12,02,000	33,99,000	306,700	31,500	338,200	+ 11,400	—51,000
2,303,300	2,629,500	4,932,800	+ 46,100	68,64,000	2,74,04,000	2,284,500	2,623,600	4,908,100	+ 21,400	—24,700
86,100	...	86,100	+ 86,100	20,02,000	...	133,500	...	133,500	+ 133,500	+ 47,400
45,900	15,000	60,900	—39,100	4,04,000	...	26,900	16,400	43,300	—56,700	—17,600
382,500	4,000	386,500	— 13,500	67,23,000	...	448,200	8,500	456,700	+ 56,700	+ 70,200
466,500	...	466,500	—33,500	17,48,000	37,50,000	366,500	...	366,500	— 133,500	— 100,000
981,000	19,000	1,000,000		1,08,77,000	37,50,000	975,100	24,900	1,000,000	...	...
30,658,600	5,790,000	36,448,600	— 701,000	14,17,09,000	33,52,34,000	31,796,200	5,736,300	37,532,500	+ 382,900	+ 1,083,900

Budget Estimate, 1912-1913.			
India.			
Amount in Rupees.	Equivalent in £ at R15=£1.	England.	Total.
R	£	£	£
4,49,13,000	2,994,200	3,519,400	6,513,600
37,81,000	252,100	175,500	427,600
4,86,94,000	3,246,300	3,694,900	6,941,200

V

B.—*Statement of the Expenditure charged to the*

HEADS OF EXPENDITURE.	ACCOUNTS, 1910-1911.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial.				Imperial.	Provincial.
	R	R	£	£	£	R	R
Brought forward	15,06,23,426	28,74,11,815	29,202,350	5,585,002	34,787,352	14,26,43,000	31,72,36,000
Railways—							
38.—State Railways: Interest on Debt	3,99,69,554	...	2,664,637	3,177,697	5,842,334	4,21,28,000	...
Annuities in purchase of Railways	...	...	..	3,357,634	3,357,634	...	...
Sinking Funds	...	...	...	171,264	171,264	...	...
Interest chargeable against Companies on Advances	30,92,075	...	206,138	219,213	425,351	34,87,000	...
Interest on Capital deposited by Companies	28,94,820	...	192,988	1,814,351	2,007,339	26,76,000	...
39.—Guaranteed Companies: Surplus Profits, Land, and Supervision	—10,642	...	—710	...	—710	...	...
40.—Subsidized Companies: Land, etc.	3,79,498	44,616	28,274	...	28,274	14,59,000	15,000
41.—Miscellaneous Railway Expenditure	4,78,990	8,184	32,479	...	32,479	5,95,000	11,000
TOTAL	4,68,04,295	52,800	3,123,806	8,740,159	11,863,965	5,03,45,000	26,000
Irrigation—							
42.—Major Works: Working Expenses	73,46,377	92,97,942	1,109,621	...	1,109,621	74,32,000	96,48,000
Interest on Debt	57,20,986	93,25,008	1,003,066	112,344	1,115,410	65,94,000	92,71,000
42A.—Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance	...	...	...	...	...	...	...
43.—Minor Works and Navigation	33,00,529	99,71,656	884,813	290	885,103	39,38,000	89,93,000
TOTAL	1,63,67,892	2,85,94,606	2,997,500	112,634	3,110,134	1,79,64,000	2,79,12,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	...	11,928	795	...	795	...	21,000
45.—Civil Works	95,05,533	5,73,37,508	4,456,203	80,464	4,536,667	99,98,000	6,87,87,000
TOTAL	95,05,533	5,73,49,436	4,456,998	80,464	4,537,462	99,98,000	6,88,08,000
Military Services—							
46.—Army: Effective	20,41,48,426	...	13,609,895	2,336,228	15,946,123	20,89,65,000	...
Non-Effective	1,05,14,653	...	700,977	2,484,680	3,185,657	1,04,17,000	...
	21,46,63,079	...	14,310,872	4,820,908	19,131,780	21,93,82,000	...
46A.—Marine	35,64,182	...	237,612	208,255	445,867	38,57,000	...
47.—Military Works	1,30,75,454	...	871,697	28,740	900,437	1,27,45,000	...
47A.—Special Defences (1902)	38,785	...	2,586	5,401	7,987	90,000	...
TOTAL	23,13,41,500	...	15,422,767	5,063,304	20,486,071	23,60,74,000	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	45,46,42,646	37,34,08,657	55,203,421	19,581,563	74,784,984	45,70,24,000	41,39,82,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	2,94,18,031	1,961,202	...	1,961,202	...	1,28,78,000
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	...	...	...	...	...		
Total Expenditure charged to Revenue	45,46,42,646	40,28,26,688	57,164,623	19,581,563	76,746,186	45,70,24,000	42,68,60,000

	ACCOUNTS, 1910-1911.			
	INDIA.			
	Amount in Rupees.	Equivalent in £ at R15=£1.	England.	Total.
Capital Expenditure not charged to Revenue—	R	£	£	£
48.—State Railways	10,58,16,61	7,054,441	1,860,764	8,915,205
49.—Irrigation Works	1,71,37,089	1,142,472	61,416	1,203,888
TOTAL	12,29,53,699	8,196,913	1,922,180	10,119,093
50.—Redemption of Liabilities	...	...	5,904,100	5,904,100
51.—Initial Expenditure on new Capital at Delhi	...	...	...	...

Revenues of India, in India and in England—continued.

ESTIMATE, 1911-1912.				BUDGET ESTIMATE, 1912-1913						
				INDIA. (RUPEE FIGURES.)						
Total India (converted into £ at R15=£1).	England	TOTAL.	Increase + Decrease — as compared with Budget Estimate, 1911-1912.	Imperial.	Provincial.	Total India (converted into £ at R15=£1).	England.	TOTAL.	Increase + Decrease — of Budget, 1912-1913, as compared with Budget Estimate, 1911-1912.	Increase + Decrease — of Budget, 1912-1913, as compared with Revised Estimate, 1911-1912.
£	£	£	£	₹	₹	£	£	£	£	£
30,658,600	5,790,000	36,448,600	—701,000	14,17,69,000	33,52,34,000	31,790,200	5,736,00	37,532,500	+382,900	+1,083,900
2,808,500	3,445,900	6,254,400	+54,700	4,49,13,000	...	2,994,200	3,519,400	6,513,600	+313,900	+259,200
...	3,357,400	3,357,400	—400	..	...	...	3,357,800	3,357,800	...	+400
...	177,700	177,700	...	...	...	...	184,300	184,300	+6,600	+6,600
232,500	175,500	408,000	—18,900	37,81,000	...	252,100	175,500	427,600	+700	+19,600
178,400	1,647,200	1,825,600	+4,800	27,52,0 0	..	183,500	1,679,200	1,862,700	+41,900	+37,100
...	...	...	...	...	...	...	...	...	...	...
98,300		98,300	—3,500	18,00,000	19,000	121,200	...	121,200	+19,400	+22,900
40,400	...	40,400	+11,300	7,60,000	7,000	51,100		51,100	+22,000	+10,700
3,358,100	8,803,700	12,161,800	+48,000	5,40,06,000	26,000	3,602,100	8,916,200	12,518,300	+404,500	+356,500
1,138,700	...	1,138,700	+39,900	74,70,000	91,18,000	1,105,900		1,105,900	+7,100	—32,800
1,057,700	116,600	1,174,300	+4,700	72,16,000	96,29,000	1,123,000	118,500	1,241,500	+71,900	+67,200
...	...	...	—120,000	6,50,000	...	43,300	...	43,300	—76,700	+43,300
862,000	900	862,900	—92,300	46,55,000	91,90,000	923,000	1,200	924,200	—31,000	+61,300
3,058,400	117,500	3,175,900	—167,700	1,99,91,000	2,79,37,000	3,195,200	119,700	3,314,900	—28,700	+139,000
1,400	...	1,400	+400	...	52,000	3,500	...	3,500	+2,500	+2,100
5,252,300	85,500	5,337,800	—162,700	1,04,71,000	7,31,07,000	5,571,900	79,800	5,651,700	+151,200	+313,900
5,253,700	85,500	5,339,200	—162,300	1,04,71,000	7,31,59,000	5,575,400	79,800	5,655,200	+153,700	+316,000
13,931,000	2,481,500	16,412,500	+175,100	20,15,75,000	..	13,438,400	2,416,600	15,855,000	—382,400	—557,500
694,500	2,503,400	3,197,900	—9,300	1,04,81,000	...	698,700	2,531,000	3,229,700	+22,500	+31,800
14,625,500	4,984,900	19,610,400	+165,800	21,20,56,000	..	14,137,100	4,947,600	19,084,700	—359,900	—525,700
257,100	198,100	455,200	+7,900	34,35,000	...	229,000	218,100	447,100	—200	—8,100
849,700	39,500	889,200	—35,200	1,26,58,000	...	843,900	16,600	860,500	—63,900	—28,700
6,000	1,000	7,000	+100	1,75,000	...	11,600	8,600	20,200	+13,300	+13,200
15,738,300	5,223,500	20,961,800	+138,600	22,83,24,000	... —	15,221,600	5,190,900	20,412,500	—410,700	—549,300
58,067,100	20,020,200	78,087,300	—844,400	45,45,01,000	43,63,56,000	59,390,500	20,042,900	79,433,400	+501,700	+1,346,100
858,500	...	858,500	+2,574,500	...	...	...	...	...	+158,300	—2,416,200
				...	2,33,66,000	1,557,700	...	1,557,700		
58,925,600	20,020,200	78,945,800	+1,730,100	45,45,01,000	41,29,90,000	57,832,800	20,042,900	77,875,700	+660,000	—1,070,100

REVISED ESTIMATE, 1911-1912.				BUDGET ESTIMATE, 1912-1913.			
INDIA.				INDIA.			
Amount in Rupees.	Equivalent in £ at R15=£1.	England.	Total.	Amount in Rupees.	Equivalent in £ at R15=£1.	England.	Total.
₹	£	£	£	₹	£	£	£
7,31,42,000	4,876,100	2,075,400	6,951,500	8,38,01,000	5,586,700	2,250,000	7,836,700
2,28,81,000	1,525,400	86,000	1,611,400	2,08,01,000	1,386,700	28,800	1,415,500
9,60,23,000	6,401,500	2,161,400	8,562,900	10,46,02,000	6,973,400	2,278,800	9,252,200
...	...	...	...	...	...	...	...
15,00,000	100,000	...	100,000	2,00,00,000	1,333,300	...	1,333,300

C.—*Statement of Receipts and Disbursements of the*

	Accounts, 1910-1911.			Revised Estimate, 1911-1912.			Budget Estimate, 1912-13.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	79,706,616	975,857	80,682,473	80,974,500	1,064,300	82,038,800	78,609,500	744,500	79,354,000
Excess of Revenue over Expenditure charged to Revenue			3,936,287			3,093,000			1,478,300
Railway Irrigation and other Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways (net)	2,294,278	...	2,294,278	...	...	...	...	...	...
Outlay of Railway Companies—									
Repayments	...	1,966	1,966	...	2,000	2,000	...	2,100	2,100
Net			0			0			0
Raised and Deposited by Railway Companies—									
On account of Subscribed Capital	87,241	...	87,241	68,900	505,000	573,900	155,600	3,380,400	3,536,000
Net			87,241			28,900			1,965,600
Permanent Debt Incurred—									
Sterling Debt—									
India Stock	...	1,224,820		...	2,855,100		...	3,000,000	
India Bonds	...	4,000,000		...	...		...	...	
Indian Midland Railway Debentures	...	3,654,100		...	...		...	...	
Rupee Debt—									
Rupee Loan	1,000,000	...		1,333,300	...		2,000,000	...	
Total	1,000,000	8,878,920	9,878,920	1,333,300	2,855,100	4,188,400	2,000,000	3,000,000	5,000,000
Net			8,896,956			1,825,900			2,931,100
Temporary Debt Incurred—									
Temporary Loans	...	5,000,000	5,000,000	...	4,500,000	4,500,000	...	...	...
Net			0			0			0
Unfunded Debt—									
Deposits of Service Funds	92,421	...		90,100	...		90,300	...	
Savings Bank Deposits	5,37,027	...		7,066,800	...		7,077,700	...	
Total	5,729,448	...	5,729,448	7,156,900	...	7,156,900	7,168,000	...	7,168,000
Net			1,164,908			1,827,000			1,318,700
Deposits and Advances—									
Balances of Provincial Allotments	1,961,202	...		858,500	...		...	...	
Appropriation for Reduction or Avoidance of Debt	601,095	...		466,500	...		366,500	...	
Deposits of Local Funds—									
District Funds	3,532,295	...		3,690,100	...		3,653,200	...	
Other Funds	1,202,770	...		1,183,000	...		1,187,200	...	
Deposits of Sinking Funds	26,489	...		27,500	...		42,100	...	
Gold Standard Reserve	...	11,634,402	(a)	...	9,480,500		...	11,245,700	
Currency Reserve—									
Council Bills appropriated	...	2,545,000			1,988,300		...	...	
Gold transferred	2,545,000	...		1,988,300	...		...	...	
Departmental and Judicial Deposits	23,373,792	...		24,608,400	...		24,278,600	...	
Advances	5,115,027	101,406		4,617,400	40,600		4,215,100	1,000	
Suspense Accounts	129,351	...		20,100	...		35,300	...	
Exchange on Remittance Accounts, net	20,903	...		17,800	...		...	...	
Miscellaneous	99,439	...		3,300	...		11,900	...	
Total	38,607,363	14,280,808	52,888,171	37,480,900	11,509,400	48,990,300	33,789,900	11,246,700	45,036,600
Net			1,550,367			2,038,900			0
Carried over	127,424,946	29,137,551		127,014,500	20,435,800		121,723,000	18,373,700	

(a) Includes £600,000 remitted from India by means of Council Bills.

Government of India, in India and in England.

	Accounts, 1910-1911.			Revised Estimate, 1911-1912.			Budget Estimate, 1912-1913.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	55,203,421	19,581,563	74,784,984	58,067,100	20,020,200	78,087,300	59,390,500	20,042,900	79,433,400
Add—Provincial Surpluses transferred to "Deposits"	1,961,202	...	1,961,202	858,500	...	858,500	...	...	...
Deduct—Provincial Deficits charged to "Deposits"	...	...	...	...	...	...	*1,557,700*	...	*1,557,700*
TOTAL	57,164,623	19,581,563	76,746,186	58,925,600	20,020,200	78,945,800	57,832,800	20,042,900	77,875,700
Railway, Irrigation and other Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	1,142,472	61,416	1,203,888	1,525,400	86,000	1,611,400	1,386,700	28,800	1,415,500
OUTLAY ON STATE RAILWAYS	7,054,441	1,860,764	8,915,205	4,876,100	2,075,400	6,951,500	5,586,700	2,250,000	7,830,700
INITIAL OUTLAY ON NEW CAPITAL AT DELHI	...	...	..	100,000	...	100,000	1,333,300	..	1,333,300
CAPITAL CHARGE INVOLVED IN REDEMPTION OF LIABILITIES—									
Indian Midland Railway	...	5,904,100	5,904,100	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital outlay	—2,495,997	1,122,000	—1,373,997	220,600	715,000	935,600	341,600	980,000	1,321,600
NET			—1,375,963			933,600			1,319,500
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for discharge of Debentures	...	...	...	...	545,000	545,000	...	1,570,400	1,570,400
NET			0			0			0
Permanent Debt Discharged—									
Sterling Debt—									
Madras Railway Debentures	...	542,300		...	868,700		...	249,700	
Indian Midland Do.	...	...		...	907,500		...	1,227,900	
B. B. C. I. Railway Debentures	...	275,600		...	...		...	...	
India Bonds	...	...		...	500,000		...	500,000	
Rupee Debt—									
4½ p. c. Loans	27	...		..	...		..	...	
4 p. c. Loans	81,640	...		81,000	...		81,000	...	
3½ p. c. Loans	353	...		300	...		600	...	
3 p. c. Loan	81,847	...		4,900	...		9,600	...	
Provincial Debentures	197	...		100	...		100	...	
TOTAL	164,064	817,900	981,964	86,300	2,276,200	2,362,500	91,300	1,977,600	2,068,900
NET			0			0			0
Temporary Debt Discharged—									
Temporary Loans	...	6,000,000	6,000,000	...	5,000,000	5,000,000	...	4,500,000	4,500,000
NET			1,000,000			500,000			4,500,000
Unfunded Debt—									
Special Loans	219	...		200	...		200	...	
Deposits of Service Funds	91,895	...		97,700	...		96,300	...	
Savings Bank Deposits	4,472,426	...		5,232,000	...		5,752,800	...	
TOTAL	4,564,540	...	4,564,540	5,329,900	...	5,329,900	5,849,300	...	5,849,300
NET			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	...	...		...	...		1,557,700	...	
Deposits of Local Funds—									
District Funds	3,454,909	...		3,553,400	...		3,579,100	...	
Other Funds	1,156,540	...		1,113,900	...		1,142,100	...	
Gold Standard Reserve	...	13,167,572		...	9,882,600		...	11,266,400	
Currency Reserve—									
Council Bills appropriated	2,545,000	...		1,988,300	...		...	...	
Gold transferred	...	2,545,000		...	655,000		...	...	
Sums invested	...	...		...	1,333,300		...	...	
Departmental and Judicial Deposits	23,153,126	...		23,927,600	...		24,435,900	...	
Advances	5,130,026	1,663		4,290,600	90,600		4,238,700	1,000	
Suspense Accounts	166,448	...		116,100	...		...	...	
Miscellaneous	17,491	29		...	...		...	...	
TOTAL	35,623,540	15,714,264	51,337,804	34,989,900	11,961,500	46,951,400	34,953,500	11,267,400	46,220,900
NET			0			0			1 184,300
Carried over	103,217,683	51,062,007		106,053,800	42,679,300		107,375,200	42,617,100	

C.—*Statement of Receipts and Disbursements of the*

	Accounts, 1910-1911.			Revised Estimate, 1911-1912.			Budget Estimate, 1912-1913.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . .	127,424,946	29,137,551		127,014,500	20,435,800		121,723,000	18,373,700	
Loans and Advances by Imperial Government .	255,612	...	255,612	266,800	...	266,800	178,600	...	178,600
Net .			174,074			175,400			0
Loans and Advances by Provincial Governments	1,305,983	...	1,305,983	951,500	...	951,500	902,500	...	902,500
Net .			576,135			0			0
Loans to Local Boards for Railway Construction .	6,328	...	6,328	6,600	...	6,600	6,900	...	6,900
Net .			6,328			6,600			6,900
Remittances—									
Inland Money Orders .	30,667,886	...		32,040,000	...		33,333,300	...	
Other Local Remittances	27,494	...		572,500	...		460,600	...	
Other Departmental Accounts . .	87,847	...		...	...		...	...	
Net Receipts by Civil Treasuries from—									
Post Office . .	1,311,808	...		2,111,900	...		1,582,900	...	
Railways . .	11,529,885	...		12,386,900	...		11,457,100	...	
Net Receipts from Civil Treasuries by—									
Telegraph . .	618,309	...		744,500	...		770,500	...	
Marine . . .	309,798	...		297,500	...		269,800	...	
Military Works .	726,633	...		709,400	...		714,300	...	
Military . . .	13,172,289	...		13,302,500	...		12,773,100	...	
Remittance Account between England and India—									
Railway transactions .	2,147,822	2,300,702		2,214,900	5,700		3,288,000	5,300	
Other „ .	641,404	948,924		973,800	1,257,500		853,100	1,008,000	
Total .	61,241,175	3,249,626	64,490,801	65,353,900	1,263,200	66,617,100	65,502,700	1,013,300	66,516,000
Net .			203,370			618,400			3,400
Secretary of State's Bills drawn . . .	...	(*a*) 23,638,303	23,638,303	...	(*b*) 25,100,000	25,100,000	...	15,500,000	15,500,000
Total Receipts .	190,234,044	56,025,480		193,593,300	46,799,000		188,313,700	34,887,000	
Opening Balance .	12,295,428	15,809,618		13,566,922	18,174,349		11,808,222	19,395,949	
GRAND TOTAL .	202,529,472	71,835,098		207,160,222	64,973,349		200,121,922	54,282,949	

(*a*) In addition to £600,000 and £2,545,000 respectively for remittance of the Gold Standard and the Curency Reserves.
(*b*) In addition to £1,988,300 for remittance of the Currency Reserve.

N. G. BASU,
Offg. Deputy Comptroller General.

Fort William,
Finance Department,
March 22, 1912.

Government of India, in India and in England—continued.

	Accounts, 1910-1911.			Revised Estimate, 1911-1912.			Budget Estimate, 1912-1913.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	103,217,683	51,062,007		106,053,800	42,679,300		107,375,200	42,617,100	
Loans and Advances by Imperial Government .	81,538	...	81,538	91,400	...	91,400	344,000	...	344,000
Net .			0			0			165,400
Loans and Advances by Provincial Governments	729,848	...	729,848	1,279,700	...	1,279,700	1,142,500	...	1,142,500
Net .			0			328,200			240,000
Remittances—									
Inland Money Orders .	30,643,141	...		32,000,000	...		33,333,300	...	
Other Local Remittances	...	...		439,200	...		460,600	...	
Other Departmental Accounts . .	63,281	...		...	...		...	...	
Net payments into Civil Treasuries by—									
Post Office . .	1,312,876	...		2,111,900	...		1,582,900	...	
Railways . .	11,282,356	...		12,070,200	...		11,457,100	...	
Net Issues from Civil Treasuries to—									
Telegraph . .	616,063	...		744,500	...		770,500	...	
Marine . . .	310,245	...		297,500	...		209,800	...	
Military Works .	712,378	...		709,400	...		714,300	...	
Military . . .	13,167,554	...		13,302,500	...		12,773,100	...	
Remittance Account between England and India—									
Railway transactions .	2,295,186	2,153,643		5,700	2,214,900		5,300	3,288,000	
Other ,, .	1,285,604	445,099		1,419,700	683,200		1,256,300	601,400	
Total .	61,688,689	2,598,742	64,287,431	63,100,600	2,898,100	65,998,700	62,023,200	3,889,400	66,512,600
Net .			0			0			0
Secretary of State's Bills paid	(*a*) 23,244,792	...	23,244,792	(*b*) 24,826,500	...	24,826,500	15,709,000	...	15,709,000
Total Disbursements .	188,962,550	53,660,749		195,352,000	45,577,400		187,253,900	46,506,500	
Closing Balance .	13,566,922	18,174,349		11,808,222	19,395,949		12,868,022	7,776,449	
GRAND TOTAL .	202,529,472	71,835,098		207,160,222	64,973,349		200,121,922	54,282,949	

(*a*) In addition to £600,000 and £2,545,000 respectively for remittance of the Gold Standard and the Currency Reserves.
(*b*) In addition to £1,988,300 for remittance of the Currency Reserve.

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

D.—*Account of Provincial Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.*

Provincial Balances.

	Central Provinces and Berar.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	Madras.	Bombay.	TOTAL.	Equivalent in £ at Rs15 = £1.
	₹	₹	₹	₹	₹	₹	₹	₹	₹	£
Accounts, 1910-1911.										
Balance at end of 1909-1910 . .	24,91,658	35,07,768	17,50,000	91,17,653	50,54,581	27,75,857	1,32,73,719	87,20,891	4,66,92,127	3,112,808
Added in 1910-1911 .	2,80,556	19,00,297	55,39,698	39,60,612	36,35,904	41,99,121	23,16,383	75,85,460	2,94,18,031	1,961,202
Spent in 1910-1911 .	...	...	...	...	...	...	...	...	...	...
Balance at end of 1910-1911 . .	27,72,214	54,08,065	72,89,698	1,30,78,265	86,90,485	69,74,978	1,55,90,102	1,63,06,351	7,61,10,158	5,074,010
Revised Estimate, 1911-1912.										
Balance at end of 1910-1911 . .	27,72,214	54,08,065	72,89,698	1,30,78,265	86,90,485	69,74,978	1,55,90,102	1,63,06,351	7,61,10,158	5,074,010
Added in 1911-1912 .	10,73,000	...	3,51,000	1,31 64,000	4,61,000	27,29,000	31,52,000	...	2,09,30,000	1,395,300
Spent in 1911-1912 .	...	7,22,000	...	...	...	...	...	73,30,000	80,52,000	536,800
Balance at end of 1911-1912 . .	38,45,214	46,86,065	76,40,698	2,62,42,265	91,51,485	97,03,978	1,87,42,102	89,76,351	8,89,88,158	5,932,510
Budget Estimate, 1912-1913.			Assam.	New Bengal.	Bihar.					
Balance at end of 1911-1912 . .	38,45,214	46,86,065	41,96,000	1,66,24,963	1,30,62,000	91,51,485	97,03,978	1,87,42,102	89,76,35	8,89,88,158	5,932,510
Added in 1912-1913 .	...	...	...	...	...	...	...	...	...	...	...
Spent in 1912-1913 .	4,60,000	38,97,000	13,000	33,03,000	15,24,000	19,34,000	29,24,000	65,01,000	28,10,000	2,33,66,000	1,557,700
Balance at end of 1912-1913 . .	33,85,214	7,89,065	41,83,000	1,33,21,963	1,15,38,000	72,17,485	67,79,978	1,22,41,102	61,66,351	6,56,22,158	4,374,810

N. G. BASU,
Offg. Deputy Comptroller General.

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 22, 1912.

E.—*Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.*

REVENUE AND EXPENDITURE.	Accounts, 1910-1911.					Revised Estimate, 1911-1912.		Budget Estimate, 1912-1913.	
	Revenue.	Expenditure.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
		Refunds and Assignments.	Cost of Collection and Production.						
Revenue Heads.	£	£	£	£	£	£	£	£	£
Principal Heads of Revenue. — Land Revenue (excluding that due to Irrigation)	20,877,521	765,360	3,662,426	16,449,735		16,177,600		16,554,100	
Opium	7,521,962	3,774	1,246,657	6,271,531		5,162,400		2,930,700	
Salt	3,175,950	259,184	377,076	2,539,690		2,784,300		2,789,300	
Stamps	4,811,691	54,181	123,820	4,633,690		4,590,300		4,701,300	
Excise	7,030,314	72,934	405,994	6,551,386		7,149,800		7,395,800	
Provincial Rates	554,378	1,518	4,624	548,236		540,700		543,600	
Customs	6,619,009	122,007	239,506	6,257,436		6,156,800		6,008,900	
Assessed Taxes	1,593,301	9,618	26,991	1,556,692		1,601,200		1,606,400	
Forest	1,829,557	6,570	1,033,261	789,726		748,600		772,100	
Registration	425,855	1,210	240,699	183,946		183,600		196,600	
Tributes	607,447	198,753	...	408,694		396,300		402,200	
TOTAL	55,046,985	1,495,109	7,361,114	46,190,762		45,500,500		43,901,000	
Total deduction from Revenue		8,856,223							
Expenditure Heads.									
Debt Services. — Interest	1,465,439	2,168,902			703,463		631,600		817,900
Commercial Services. — Post Office	1,996,922	1,950,892		46,030		85,100		169,700	
Telegraph	997,159	976,832		20,327			50,500		29,400
Railways	13,881,461	11,863,965		2,017,496		3,122,600		2,021,900	
Irrigation	3,694,521	3,110,134		584,387		801,300		606,200	
Other Public Works. — Civil works, &c.	293,833	4,537,462			4,243,629		5,013,500		5,334,300
Mint. — Mint	190,110	92,369		103,741		225,400		104,300	
Civil Departments. — Civil Departments	1,211,123	14,931,367			13,720,244		15,259,500		16,250,700
Miscellaneous Civil Services. — Superannuation	195,489	3,145,889			2,950,400		2,998,000		3,045,600
Exchange	70,084	...		70,084		105,700			
Miscellaneous	314,662	319,392			4,730		58,000		79,900
Other heads	97,656	1,345,480			1,247,830		1,249,300		1,230,200
Famine Relief and Insurance. — Famine Relief	...	2,336			2,336		86,100		133,500
Other heads	...	997,664			997,664		913,900		866,500
Military Services. — Army — Effective	948,154	15,946,123			14,997,969		15,349,300		14,812,400
Army — Non-effective	110,495	3,185,657			3,075,162		3,083,000		3,117,400
Marine	91,787	445,867			354,080		376,000		356,000
Military works	70,593	900,437			829,844		813,400		788,500
Special Defences (1902)	...	7,987			7,987		7,000		20,200
TOTAL	80,682,473	74,784,984		5,897,489		3,951,500			79,400
Provincial Adjustment. — Surplus		1,961,202			1,961,202		858,500		...
Deficit	...			...		...		1,557,700	
TOTAL	80,682,473	76,746,186		3,936,287		3,093,000		1,478,300	
Surplus				3,936,287		3,093,000		1,478,300	
Capital Account. — Railway Irrigation and other Capital not charged to Revenue :—									
Capital raised through Companies towards outlay on State Railways (net)				2,294,278					
Capital raised and deposited by Railway Companies (net)				87,241		28,900		1,965,600	
Outlay on Irrigation Works					1,203,888		1,611,400		1,415,500
Outlay on State Railways					8,915,205		6,951,500		7,836,700
Initial outlay on new Capital at Delhi							100,000		1,333,300
Outlay of Railway Companies (net)					—1,375,963		933,600		1,319,500
Capital involved in Redemption of Railway Liabilities					5,904,100				
Debt, Deposits, Advances, and Remittances. — Permanent Debt (net)				8,896,956		1,825,900		2,931,100	
Temporary Debt (net)					1,000,000		500,000		4,500,000
Unfunded Debt (net)				1,164,908		1,627,000		1,318,700	
Loans and Advances by Imperial Government (net)				174,074		175,400			165,400
Loans and Advances by Provincial Governments (net)				576,135			328,200		240,000
Loans to Local Boards for Railway Construction (net)				6,328		6,600		6,900	
Deposits and Advances (net)				1,550,367		2,038,900			1,184,300
Remittances (net)				203,370		618,400		3,400	
Secretary of State's Bills drawn (net)				23,638,303		25,100,000		15,500,000	
Secretary of State's Bills paid (net)					23,244,792		24,826,500		15,769,000
				42,528,247	38,892,022	34,714,100	35,251,200	23,204,000	33,763,700
Cash Balance. — Opening Balance (net)				28,105,046		31,741,271		31,204,171	
Closing Balance (net)					31,741,271		31,204,171		20,644,471
TOTAL				70,633,293	70,633,293	66,455,371	66,455,371	54,408,171	54,408,171

N. G. BASU,
Offg. Deputy Comptroller General.

R. W. GILLAN,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 22, 1912.

MEMORANDUM EXPLAINING THE DETAILS OF THE ESTIMATES.

Introductory.

1. In this memorandum the variations between the Budget and the Revised estimates of the current year, and between the latter and the Budget estimates of next year, are explained in detail for the major heads of account. Under most of the heads details by provinces have been given, and it may be explained that the figures shown against "India General" represent the transactions of the Central Government, including all expenditure directly controlled by it, of the minor administrations of Ajmer-Merwara and Coorg, and of the convict settlement in the Andamans. The Budget estimates of Provincial and "Divided" expenditure in 1912-13 generally represent the allotments proposed by the several Governments and Administrations with whom regular provincial settlements have been concluded, and in the case of provinces having local Legislative Councils more detailed information regarding the figures will be found in the Financial Statements presented by the Local Governments to their respective Councils. For the three new provinces which will come into existence as a result of the Royal announcement at the Coronation Durbar, lump allotments under the various major heads have been made by the Government of India with reference to the standards of expenditure which have been adopted in the financial settlements framed for them, and to the detailed provisions made in the estimates submitted by the local Governments of Eastern Bengal and Assam and Bengal.

In this memorandum the word "Behar" is used for brevity to describe the new province which will include Behar, Chota Nagpur and Orissa.

General results.

2. The broad totals of revenue and expenditure for the last year, the current year and the ensuing year are as follows :—

	Accounts, 1910-1911.
	£
Revenue	80,682,473
Expenditure charged to Revenue	76,746,186
Surplus	£ 3,936,287

	Revised, 1911-1912.
	£
Revenue	82,038,800
Expenditure charged to Revenue	78,945,800
Surplus	£ 3,093,000

	Budget, 1912-1913.
	£
Revenue	79,354,000
Expenditure charged to Revenue	77,875,700
Surplus	£ 1,478,300

These figures exclude all capital, debt and remittance transactions.

Accounts of 1910-11.

3. The accounts of 1910-11 are not discussed in this memorandum, but according to our usual practice in the past a brief explanation is given below of the principal divergences between the Revised estimates of revenue and expenditure as submitted to the Council twelve months ago, and the actual accounts of the year as closed, audited and compiled by the Comptroller and Auditor General, whose Appropriation Report has just been published in the Gazette of India of the 19th instant. It may be mentioned at the outset that the change in our Budget arrangements, necessitated by the Council reform scheme, has affected the accuracy of the Revised estimates. Previous to 1910, these estimates were based on the audited accounts of ten months and on the approximate figures for the eleventh

month under the principal revenue heads. Owing to the earlier presentation to the Legislative Council of the Financial Statement, the Revised estimates have now to be framed with reference to the audited accounts of nine months and the approximate figures for the tenth month. Corrections in the figures can of course be made after the presentation of the Financial Statement and until the presentation of the Budget; but for obvious reasons it is inconvenient to make any corrections at this stage unless they materially affect the estimates. Moreover the Government of India do not now exercise the same minute scrutiny over the Provincial figures as they used to do before.

The total revenue turned out about £356,000 more and the total expenditure about £189,800 less than the Revised estimate with the result that the year's surplus was £545,800 larger than was anticipated. Eliminating the Provincial figures, the improvement occurred chiefly under the following heads. A sum of £194,700 was contributed by the net receipts of Railways, the gross earnings of which were higher, and the working expenses less, than the Revised estimate by about R15 lakhs in each case. The Military figures were better by £83,200 mainly in consequence of larger recoveries on account of clothing stores supplied on payment and a smaller expenditure on furlough allowances and voyage pay of British soldiers and on the purchase of stores in England. An increase of £75,600 occurred in the Customs revenue as the net result of less important variations under a number of tariff heads; and there were savings of £57,500 and £40,600 respectively in Telegraph expenditure and in the miscellaneous charges of Railways.

Authors of Memorandum.

4. Paragraphs 191 to 218 of this Memorandum have been communicated by the Hon'ble Mr. J. B. Brunyate, C.I.E., Secretary to the Government of India in the Military Finance branch: and the rest of the Memorandum has been drafted by Mr. Bhupendra Nath Mitra, M.A., Assistant Secretary in the Finance Department.

I AND 3.—LAND REVENUE.

REVENUE.

(Including the portion due to Irrigation.)

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1913.		Budget, 1912-1913.
				Budget.	Revised.	
Imperial.						
1. India General . .	8,53,850	8,81,223	8,08,539	8,10,000	7,34,000	7,17,000
2. Baluchistan . .	9,39,928	10,02,440	8,91,261	9,14,000	8,70,000	9,03,000
3. North-West Frontier.	23,42,121	23,30,699	21,79,157	22,60,000	21,54,000	21,83,000
4. Other Provinces	5,81,726	10,43,159	11,46,179	13,97,000	7,62,000	16,92,000
Total .	47,17,625	52,57,521	50,25,136	53,81,000	45,20,000	54,95,000
Divided and Provincial.						
1. Central Provinces .	1,66,30,891	1,87,74,671	1,81,31,128	1,85,00,000	1,80,00,000	1,87,60,000
2. Burma . .	4,10,68,905	4,20,29,468	4,06,18,783	4,36,69,000	4,35,29,000	4,27,82,000
3. Assam .	...	...	...	...	...	76,93,000
4. Bengal (new) .	...	...	...	...	...	2,69,88,000
5. Behar . . .	...	...	...	...	...	1,51,97,000
6. United Provinces .	6,56,19,626	6,98,61,785	6,74,96,264	6,69,68,000	6,60,36,000	6,70,65,000
7. Punjab . . .	2,45,79,377	3,13,87,524	2,97,80,632	3,47,00,000	3,38,48,000	3,52,82,000
8. Madras . .	6,37,01,233	6,49,15,137	6,61,22,570	6,75,79,000	6,78,45,000	6,83,93,000
9. Bombay . .	4,78,79,532	5,48,03,513	5,42,16,103	5,38,33,000	4,75,01,000	5,22,48,000
Eastern Bengal and Assam . .	1,95,33,022	2,01,21,586	2,01,84,470	2 03,40,000	2,03,50,000	...
Bengal (old) . .	2,90,21,355	2,95,91,736	2,92,57,800	2,93,16,000	2,92,23,000	..
Total .	30,80,33,941	33,14,85,420	32,58,07,750	33,49,05,000	32,69,32,000	33,44,08,000
TOTAL REVENUE R	31,27,51,566	33,67,42,941	33,08,32,886	34,02,86,000	33,14,52,000	33,99,03,000
Shown under I.—Land Revenue . R	29,63,85,898	31,99,82,121	31,31,62,808	32,12,82,000	31,11,48,000	31,91,39,000
Shown under XXIX.—Irrigation . R	1,63,65,668	1,67,60,820	1,76,70,078	1,90,04,000	2,03,04,000	2,07,64,000
Equivalent of total Revenue in Sterling £	20,850,104	22,449,529	22,055,526	22,685,800	22,096,800	22,660,300
Shown under I.—Land Revenue . £	19,759,060	21,332,141	20,877,521	21,418,800	20,743,200	21,276,000
Shown under XXIX.—Irrigation . £	1,091,044	1,117,388	1,178,005	1,267,000	1,353,600	1,384,300

EXPENDITURE.

Imperial.						
1. India General . .	5,03,109	4,93,158	4,48,303	4,07,000	4,09,000	3,98,000
2. Baluchistan . .	2,10,629	2,16,185	2,21,950	2,22,000	2,38,000	2,35,000
3. North-West Frontier.	5,58,745	5,87,200	5,88,174	6,14,000	6,32,000	6,85,000
4. Other Provinces .	24,07,398	26,21,963	27,93,330	29,81,000	27,58,000	29,50,000
Total .	36,79,881	39,18,506	40,51,757	42,24,000	40,37,000	42,68,000
Divided and Provincial.						
1. Central Provinces .	37,39,513	38,16,408	39,07,049	39,60,000	39,30,000	39,04,000
2. Burma . . .	68,19,354	66,35,721	65,12,019	68,33,000	68,06,000	69,17,000
3. Assam . . .	...	...	...	...	...	14,27,000
4. Bengal (new) .	...	...	...	...	...	33,50,000
5. Behar . . .	...	...	...	...	...	25,80,000
6. United Provinces .	86,76,311	83,67,891	83,90,829	85,56,000	86,50,000	88,60,000
7. Punjab . .	49,74,947	47,85,927	46,80,491	48,45,000	48,76,000	50,31,000
8. Madras . .	1,20,17,254	1,24,04,096	1,27,50,336	1,31,77,000	1,31,01,000	1,45,67,000
9. Bombay . .	81,16,793	80,21,443	78,67,486	81,81,000	83,00,000	86,04,000
Eastern Bengal and Assam . .	30,67,804	30,68,240	30,51,163	32,29,000	32,50,000	...
Bengal (old) . .	37,10,161	37,24,433	36,96,519	40,70,000	39,39,000	...
Total .	5,11,22,137	5,08,24,159	5,08,55,892	5,28,51,000	5,28,52,000	5,52,40,000
TOTAL INDIA . R	5,48,02,018	5,47,42,665	5,49,07,649	5,70,75,000	5,68,89,000	5,95,08,000
Equivalent in Sterling £	3,653,468	3,649,511	3,660,510	3,805,000	3,792,600	3,967,200
England . . £	*464	568	1,916	800	1,900	1,000
TOTAL EXPENDITURE £	3,653,932	3,650,079	3,662,426	3,805,800	3,794,500	3,968,200

Statement showing the distribution between Imperial and Provincial of the Land Revenue shown in the preceding table under 1911-12 and 1912-13.

	1911-1912.		Budget, 1912-1913.
	Budget.	Revised.	
1. Total divided revenue	32,07,87,000	31,27,52,000	31,72,05,000
Imperial.			
2. Imperial share according to the terms of the provincial settlements	16,31,75,000	15,90,56,000	16,15,03,000
3. *Deduct* :—			
(*a*) Fixed recurring assignments from Imperial to Provincial under the terms of the provincial settlements, including permanent additions subsequently made to them	5,77,000	5,44,000	61,15,000
(*b*) Assignments in connection with the scheme for the incidence of famine relief expenditure (*vide* para. 54 of Financial Statement for 1907-1908)	37,50,000	37,50,000	37,50,000
(*c*) Non-recurring grants :—			
(*i*) under the terms of the provincial settlements	8,77,000	8,16,000	15,67,000
(*ii*) in aid of outlay on the improvement of sanitation and agriculture and other allied objects, treated as a special appropriation from the opium revenue of the year	...	85,00,000	...
(*iii*) towards expenditure connected with the Royal visit and the Royal boons	...	1,65,58,000	...
(*iv*) other items	3,49,000	63,59,000	2,06,000
Total assignments	55,53,000	3,65,27,000	1,16,38,000
4. Net Imperial share of divided revenue	15,76,22,000	12,25,29,000	14,98,65,000
5. *Add*—Wholly Imperial Revenue	53,81,000	45,20,000	54,95,000
TOTAL	16,30,03,000	12,70,49,000	15,53,60,000
Shown under I.—Land Revenue	15,25,44,000	11,59,58,000	14,40,38,000
„ „ XXIX.—Irrigation	1,04,59,000	1,10,91,000	1,13,22,000
Provincial.			
1. Share of divided revenue	16,31,65,000	19,02,23,000	16,73,40,000
2. Wholly Provincial Revenue	1,41,18,000	1,41,80,000	1,72,03,000
TOTAL	17,72,83,000	20,44,03,000	18,45,43,000
Shown under I.—Land Revenue	16,87,38,000	19,51,90,000	17,51,01,000
„ „ XXIX.—Irrigation	85,45,000	92,13,000	94,42,000

5. The Imperial expenditure shown against "Other Provinces" in the table at page 21 represents the cost of survey and record-of-right operations on a large scale in Eastern and Western Bengal and in Behar, undertaken more for administrative than for fiscal purposes. The expenditure is of a temporary and varying character and was accordingly not considered suitable for inclusion in the financial settlements with the two provinces. Three-fourths of the charges are eventually recovered from landlords and tenants for the protection of whose rights the operations are primarily undertaken; and the recoveries are shown in the table as Imperial revenue against "Other Provinces."

REVENUE.

(*a*) *Wholly Imperial.*

Revised, 1911-12.

6. The latest estimate for 1911-12 is R8·61 lakhs less than the Budget forecast, owing mainly to the postponement of the recovery of survey and settlement charges in certain districts in Bengal and Behar and to remissions and short collections in the North-West Frontier Province, Baluchistan and Ajmer necessitated by a deficient rainfall. Budget for 1912-13 is R9·75 lakhs higher than the Revised for the current year, the bulk of the increase occurring under recoveries of survey and settlement expenditure in Bengal and Behar.

Budget, 1912-13.

(*b*) *Divided and wholly Provincial.*

Revised, 1911-12.

7. The total collections in 1911-12 will fall short of the Budget estimate by R79·73 lakhs. There is a considerable deficiency of R63·32 lakhs in Bombay caused by the absence of timely rains in the northern districts of the Presidency and the consequent necessity for large suspensions and remissions of land revenue in the affected tracts. Important shortages are also expected in the United Provinces (R9·32 lakhs) and in the Punjab (R8·52 lakhs) due mainly to suspensions necessitated by the late arrival of the monsoon. The falling-off in the collections in the Punjab would have been higher but for the introduction of enhanced settlement rates in certain canal tracts which has led to a considerable improvement of R14·98 lakhs in that province in the share of Land Revenue due to Irrigation. The variations between the Budget and Revised estimates in the other provinces are less important in magnitude and call for no remark.

Budget, 1912-13.

8. The total Budget for next year is R74·76 lakhs more than the Revised estimate for 1911-12. The improvement is distributed over all the provinces with the exception of Burma where a decline in the collections will result from a reduction in the outstanding revenue at the end of the current year as compared with that at its beginning. The largest increase occurs naturally in Bombay (R47·47 lakhs), where provision has been made for the recovery of about half the suspended and arrear revenue outstanding at the beginning of the year. The collections in this province would in fact have been taken higher but for a heavy fall which is expected in the revenue from the Sind canals owing to the low inundation of the Indus in the past season and the consequent decrease in cultivation. Important increases over the Revised estimate of the current year are also assumed in the Punjab (R14·34 lakhs) and in the United Provinces (R10·29 lakhs) in the expectation of a normal collection of the current demand and the recovery of the unremitted portion of the revenue left outstanding at the end of the current year; and in Madras (R5·48 lakhs) owing mainly to the credit to general revenues of the quit-rents on service *inams* which used to be hitherto credited to the Proprietary Estates Village Service Funds.

(*c*) *Adjustments between Imperial and Provincial.*

9. The table at page 22 shows the amount of Land Revenue assigned for Provincial expenditure in the two years. The large increase in the wholly

Provincial revenue in 1912-13 is due to the treatment as such in the temporary provincial settlements with Assam and Bengal of collections from Government estates which were treated as " divided " revenue in Eastern Bengal and Assam. The variations between the Budget and Revised estimates for the current year of assignments from Imperial to Provincial and between the latter and the Budget estimate for 1912-13 are explained below.

(1) *Recurring Assignments.*

Revised, 1911-12.

10. The small variation between the Revised and Budget estimates for 1911-12 is due to certain petty corrections and re-adjustments in Burma, the United Provinces and Bombay. Of the increase of ₹55·71 lakhs in the

Budget, 1912-13.

Budget estimate for 1912-13 over the Revised estimate for the current year, ₹45 lakhs are *contributed by allotments made to the major provinces out of the Royal benefaction of ₹50 lakhs for the promotion of education.* Provision has also been made for additional recurring assignments to Madras of (*a*) ₹10·80 lakhs required to compensate provincial revenues for the net expenditure thrown on them by the remission of the village service cess in the proprietary estates; and (*b*) ₹·75 lakh being the balance of the recurring Imperial contribution in connection with the Meyer scheme for the constitution of additional districts. But there is a small net gain of ₹·84 lakh on the assignments to be given in connection with the temporary provincial settlements which will be concluded with the three new provinces of Assam, Bengal and Behar, and under the terms of which the recurring Imperial assignments have been provisionally fixed at ₹6·89 lakhs, —₹7·28 lakhs, and —₹2·36 lakhs respectively, against —₹19·21 lakhs and ₹17·30 lakhs now received by Bengal and Eastern Bengal and Assam.

11. The decrease in the net Imperial assignment does not, however, correctly represent the effect of the proposed financial settlements; for it is not intended to make any reduction in the allotment of revenue enjoyed by the provincial Governments of Bengal and Eastern Bengal and Assam in connection with the impending territorial re-arrangement. Under the terms of the temporary provincial settlements: (1) land revenue collections in Government estates in Assam and in the eastern districts of new Bengal as well as the corresponding charges of collection and management, will, as already stated, become wholly Provincial instead of divisible in moieties between Imperial and Provincial as in the existing province of Eastern Bengal and Assam; (2) excise revenue and expenditure in the western districts of new Bengal will be wholly Provincial instead of being shared between Imperial and Provincial in the ratio of one to three as is the case in the existing province of Bengal; and (3) receipts and charges of minor irrigation works in the eastern districts of new Bengal will be divided in moieties between Imperial and Provincial instead of continuing to be wholly Provincial. The additional funds thus transferred to the provincial Governments will amount to ₹37·04 lakhs in the Budget estimate for 1912-13. Deducting from this sum the ₹·84 lakh mentioned above, the recurring Imperial contribution given to the three new provinces in connection with the raising of the status of the local Government in Bengal, the creation of a third local administration and the development of backward areas, amounts to ₹36·20 lakhs, inclusive of a sum of ₹3 lakhs on account of the balance of the promised contribution in aid of the schemes for the re-organisation of police in Assam and in the eastern districts of new Bengal.

12. The financial effect of the proposed remission of the Proprietary Estates' Village Service Cess in the Madras Presidency will be mainly as follows: The cess which is now levied in " proprietary " or permanently settled estates for the payment of village servants whose *inams* have been resumed, will be discontinued. Simultaneously the separate funds into which the cess receipts used to be paid will be abolished; and the charges of the village servants, as well as the cost of the enfranchisement operations, which were hitherto met from these funds, will be paid from general revenues which will also be credited with the rents of the resumed *inams*. The expenditure will be wholly Provincial,

while the receipts which will be recorded under "I.—Land Revenue" will be divisible in moieties between Imperial and Provincial. The net loss to Provincial revenues arising from the arrangement will be met by a recurring Imperial assignment which is estimated at R10·80 lakhs in 1912-13, but will grow as the process of the resumption of the *inam* lands progresses from year to year. Provincial revenues will also be re-imbursed the outstanding cost of enfranchisement operations already undertaken out of the accumulated balances of the funds, which will merge into general revenues; but no provision on this account has been made in the present estimates owing to want of detailed information.

13. The following is the distribution among the different provinces of the recurring grant of R45 lakhs for the promotion of education :—

	Lakhs of Rupees.		Lakhs of Rupees.
Central Provinces . .	2·5	United Provinces . .	7·0
Burma	2·5	Punjab	3·5
Assam	1·5	Madras	8·0
Bengal	9·0	Bombay	6·5
Behar	4·5		

(2) *Non-recurring Assignments.*

14. It has been decided to distribute about a third of the opium revenue realised in the current year in excess of R615 lakhs among the several Provincial Governments to be applied to initial or capital expenditure on important schemes for (*a*) the improvement of sanitation, (*b*) the furtherance of research in hygiene, and (*c*) the development of the agricultural and veterinary departments and other allied branches of the administration. The total amount available for this purpose is estimated at R85 lakhs; and this amount has accordingly been placed at the disposal of the local Governments concerned by non-recurring assignments of Imperial Land Revenue in the current year. The distribution of the sum is given below :—

[Lakhs of Rupees.]

Province.	Sanitation.	Research in hygiene, etc.	Agriculture and allied subjects.	TOTAL.
1	2	3	4	5
Central Provinces . . .	4·00	...	1·00	5·00
Burma	4·00	2·00	1·00	7·00
Assam	1·46	...	·50	1·96
Bengal	7·25	5·00	4·00	16·25
Behar	4·62	...	1·00	5·62
United Provinces . . .	8·00	...	1·00	9·00
Punjab	6·17	6·00	4·00	16·17
Madras	8·00	..	6·50	14·50
Bombay	6·50	2·00	1·00	9·50
Total .	50·00	15·00	20·00	85·00

15. The amount shown against the Punjab in column 3 represents a contribution to the funds of the Central Research Institute at Kasauli, and the figures entered in the same column against Burma, Bengal and Bombay are intended respectively for the establishment of a bacteriological institute in Burma and of a school of tropical medicine in Calcutta, and for improving and refitting the old laboratories at Parel. The figures shown against Bengal and Madras in column 4 include allotments of R3 lakhs in each case for the formation of a reserve stock of quinine, while the figure shown against the Punjab includes an allotment of a like amount for a veterinary college.

16. Another important class of assignments for which provision has been made in the Revised estimate for 1911-12 is those necessitated by the Royal visit and the boons announced at the Coronation Durbar. These aggregate R165·58 lakhs. By far the principal item in this group is one of R117·29 lakhs required to provide adequate opening balances for the three new provinces, the bulk of which will be spent on initial outlay in Behar on its new capital. The other items of expenditure, to meet which special assignments falling in this group have been made, are as follows :—

	Lakhs of Rupees.
(1) Payment of Royal bonus to certain civil employés of Government	31·78
(2) Remission of sundry debts owed to Government by non-jurisdictional estates in Kathiawar and Gujerat	10·83
(3) Contribution for the construction of a building on the Apollo Bunder to commemorate the Royal visit	2·00
(4) Contribution to the cost of the reception of Their Imperial Majesties at the Apollo Bunder	·80
(5) Cost of the Aden Chiefs' camp at Delhi and incidental charges	·52
(6) Illumination of Imperial buildings, payment of debts of certain civil prisoners, etc.	2·36
	48·29

17. The following are the details of the other non-recurring grants given in the two years :—

(*a*) Grants made under the terms of the Provincial settlements :—

	1911-1912.	1912-1913.
To bring the net Irrigation revenue in the United Provinces and Punjab up to the amounts guaranteed in the settlements	8·16	15·67

(*b*) Other grants—

(1) Contribution to the Madras Corporation for expenditure on drainage and water-works schemes	25·00	...
(2) Contribution for the improvement of communications in Burma	20·00	...
(3) Grant to the United Provinces for tank restoration works out of the special provision made in the Imperial Budget under Minor Irrigation works for the improvement of irrigation	·81	..
(4) Contribution to meet provincial expenditure in Burma and Assam in connection with frontier missions	8·70	...
(5) Annual contribution to the Calcutta Improvement Trust for a period of sixty years	1·50	1·50
(6) Miscellaneous adjustments representing mainly refund of expenditure undertaken on behalf of the Imperial Government or of Provincial revenue erroneously credited as Imperial	7·58	·56
	63·59	2·06

EXPENDITURE.

(*a*) *Wholly Imperial.*

18. The saving of ₹1·87 lakhs in the Budget grant for 1911-12 is chiefly due to lapses in the provision for survey and settlement expenditure in Bengal and Eastern Bengal and Assam. The increase of ₹2·31 lakhs in the Budget estimate for 1912-13 over the Revised for the current year also occurs mainly in this item of expenditure. *Revised, 1911-12.* *Budget, 1912-13.*

(*b*) *Divided and Provincial.*

19. The total expenditure in the current year will coincide closely with the Budget estimate. This is, however, due to the payment of the Royal bonus to the extent of ₹8·78 lakhs, and but for such payment the expenditure would have fallen short of the Budget by ₹8·77 lakhs. Savings of considerable magnitude would have been realised in Madras (₹3·80 lakhs), Bengal (₹1·65 lakhs) and the United Provinces (₹1·18 lakhs), owing to ordinary lapses in grants, the total or partial non-utilisation of lump provisions for the revision of certain establishments, and to reduced expenditure in Madras on grain compensation allowance caused by a fall in the prices of food grains. *Revised, 1911-12.*

20. The total Budget estimate for 1912-13 is ₹23·88 lakhs higher than the Revised for the current year; and if allowance is made for the payment of the Royal bonus included in the latter the true excess works out at ₹32·66 lakhs. The increase is distributed over all the provinces, and is partly due to normal provision for the charges of sanctioned establishments. A lump provision of ₹13·3 lakhs has been made in Madras for the payment from general revenues of village establishments now paid from the Proprietary Estates Village Service Funds which will be abolished on the remission of the special cess now levied from these estates. Special provision has also been made in Assam, Bengal and Behar for the formation of separate cadres of the Indian, Provincial and Subordinate Civil Services; in the United Provinces for the revision of the cadre of deputy collectors, the extension of settlement operations and the grant of travelling allowance to *tahsil* peons; in the Punjab for the revision of the pay of members of the Indian Civil Service, the extension of settlement operations and the construction and repair of *patwarkhanas;* in Madras for the revision of the pay of subordinate magistrates, deputy tahsildars and taluk and village establishments; and in Bombay for the re-organisation of the grades of Assistant Collectors, the revision of the pay of low-paid subordinate revenue establishments, the creation of the Nawabshah district in Sind, and temporary establishments for the maintenance of records-of-rights and for revision settlement of certain talukas in Sind. *Budget, 1912-13.*

II AND 4.—OPIUM.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
INDIA.						
Revenue—						
Bengal—Sale of Opium	6,35,16,675	6,81,92,200	10,86,83,616	5,55,25,000	7,48,64,000	3,10,57,000
Bombay—Pass and auction Fees	2,09,81,700	1,08,62,101	1,30,800	46,30,000	96,37,000	1,86,74,000
Excise Opium and other Revenue	37,73,449	39,65,944	40,15,017	40,51,000	40,70,000	46,00,000
TOTAL ₹	8,82,71,824	8,30,20,245	11,28,29,433	6,42,06,000	8,85,71,000	5,43,31,000
Equivalent in Sterling	5,884,788	5,534,683	7,521,962	4,280,400	5,904,700	3,622,000
Expenditure—						
Payments to Cultivators, including purchase of Opium	1,62,93,113	1,46,83,428	1,68,40,270	1,60,69,000	93,70,000	89,01,000
Other Charges	22,31,332	19,57,434	18,52,014	16,76,000	17,00,000	14,08,000
TOTAL INDIA ₹	1,85,24,445	1,66,40,862	1,86,92,284	1,77,45,000	1,10,70,000	1,03,09,000
Equivalent in Sterling	1,234,963	1,109,391	1,246,152	1,183,000	738,000	687,200
ENGLAND. Other Charges £	1,125	764	505	500	700	500
TOTAL £	1,236,088	1,110,155	1,246,657	1,183,500	738,700	687,700
Statistics—						
Bengal—						
Chests sold. Certificated	45,900	42,300	(a) 37,590	10,210	10,120	5,206
Chests sold. Uncertificated				20,000	(b) 16,740	12,200
Average price. Certificated	₹1,384	₹1,612	₹2,891	₹2,500	₹3,456	₹2,450
Average price. Uncertificated				₹1,500	₹2,383	₹1,500
Chests produced	40,001	28,125	29,000	...	15,000	...
Chests in Balance, March 31	55,333	41,158	(a) 32,568	...	20,708	...
Reserve, December 31	26,132	22,933	11,458	9,018	11,018	11,018
Bombay—						
Chests passed for export	34,969½	18,103½	218	5,938	10,508	(c)15,615
Rate of duty (Government share)	₹600	₹600	₹600	₹600 & 800	₹600, 800 & ₹900	₹900
Government share of auction proceeds	...	...	...	...	₹9,77,000	₹46,20,000

(a) Exclusive of 100 chests supplied to the Government of the Straits Settlements in March 1911, the price of which has been realised in 1911-12.
(b) Inclusive of 100 chests supplied to the Government of the Straits Settlements in March 1911, the price of which has been realised in 1911-12.
(c) Inclusive of 1,000 chests for markets other than China.

REVENUE.

(i) *Bengal Opium.*

Revised, 1911-12.

21. The Budget estimate for 1911-12 provided for the sale of 30,210 chests of Bengal opium; and it was assumed that 10,210 chests out of these would be specially certificated for China and would realise an average price of ₹2,500 a chest, while the remaining 20,000 chests would yield an average price of ₹1,500 each only. The total number of chests offered for sale at Calcutta has amounted to 26,860, of which 10,120 were specially certificated for China. An average price of ₹3,456 a chest has been obtained on the latter, while the 16,740 uncertificated chests have brought in an average price of ₹2,383 a chest.

The total revenue from this source thus amounts to R748·64 lakhs against a Budget estimate of R555·25 lakhs.

22. The Budget for 1912-13 provides for the sale of 17,406 chests of Bengal opium, of which 5,206 chests only will be specially certificated for China. It has been assumed that out of the latter, 4,690 chests, which will be sold in the first three quarters of the year, will yield an average price of R2,500 each, the remaining 516 chests to be sold in the last quarter fetching a somewhat lower average of R2,000 each. For the 12,200 uncertificated chests an average price of R1,500 each has been taken. The total receipts on account of Bengal opium are thus estimated at R310·57 lakhs. *Budget, 1912-13.*

(ii) *Malwa Opium.*

23. As regards Malwa opium, the Budget estimate for the current year provided for a revenue of R46·30 lakhs mainly from chests which were under promise of the privilege of priority of export in 1912 on payment of a duty of R800 a chest. It was, however, decided in the course of the year to introduce with effect from the 1st January 1912 a system of auctions for regulating the export of Malwa opium from Bombay on lines similar to those in force in Calcutta for the sale of Bengal opium. The details of the arrangement are as follows :— *Revised, 1911-12.*

(*a*) The right to export the permissible number of chests of Malwa opium is sold to the highest bidders by instalments at monthly auctions.

(*b*) In addition to the price paid for the right of export, purchasers are required to pay also an increased pass duty of R1,225 a chest on chests covered by a pass granted at Ajmer and of R1,200 a chest when the pass has been granted elsewhere.

24. It has been decided in connection with the new arrangement to recover the pass duty in full within fifteen days of sale but to allow a further period of three months on the deposit of suitable security, for the payment of the premium for the right of export. It is also proposed to make over to the opium-producing Native States in Malwa a share in the profits arising from the arrangement, and they will receive one-half of the additional pass duty of R600 per chest *plus* one-half of the auction fees.

25. The right of exporting 4,005 chests of Malwa opium has been sold under the above arrangement in three equal monthly instalments in the first quarter of the calendar year 1912, all the chests being certificated for China. Allowing for the possible throw-forward into the accounts of 1912-13 of the greater portion of the premium payable at the last two sales of the year, the Government share of the revenue to be realised in 1911-12 under the new arrangement is taken at R45·82 lakhs. In addition to this sum, R50·55 lakhs of duty have been realised from chests of Malwa and Baroda opium to which the privilege of export, on payment of the ordinary duty of R600 a chest or of an enhanced duty of R800, had been conceded prior to the introduction of the new arrangement. The Revised estimate of revenue from this source accordingly stands at R96·37 lakhs.

26. In the Budget estimate for 1912-13, provision has been made: (*a*) for the sale of 14,615 certificated chests of Malwa and Baroda opium at an average premium of R658 a chest; and (*b*) for the export of 1,000 chests without certificates. Making allowance for the recovery of the premium outstanding at the end of 1911-12 and for the throw-forward into the accounts of 1913-14 of a portion of the premium payable at the last three sales in 1912-13, the Government share of revenue from Malwa opium in 1912-13 is estimated at R186·74 lakhs. *Budget, 1912-13.*

(iii) *Excise Opium and other revenue.*

27. Under this head the Revised estimate for 1911-12 does not materially differ from the Budget figure. The Budget estimate for 1912-13 provides for the substitution of Bengal opium for Malwa opium for excise purposes *Revised, 1911-12.* *Budget, 1912-13.*

in the Bombay Presidency, owing to the administrative and preventive difficulties connected with the purchase and use of Malwa opium for local consumption, and for normal annual growth in other provinces.

EXPENDITURE.

Revised, 1911-12.

Budget, 1912-13.

28. There is a large saving of ₹66·75 lakhs in the Budget provision for the current year mainly in consequence of reduced payments to cultivators resulting from an unusually low consistence of the crop of 1911. The Budget estimate for 1912-13 provides for a reduction of expenditure both under Payments to cultivators and under Other charges owing to the further curtailment of cultivation with effect from the current season.

III AND 5.—SALT.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
REVENUE.						
Northern India (*a*) .	1,12,44,476	1,11 45,338	1,03,80,484	1,11,50,000	1,15,50,000	1,15,50,000
Burma (*b*) . . .	18,90,109	21,01,194	20,89,510	21,50,000	22,50,000	23,00,000
Eastern Bengal (*b*) .	14,76,151	13,26,822	12,87,081	13,75,000	12,75,000	...
Bengal (*b*) . . .	1,12,46,304	1,14,59,851	1,02,30,178	1,04,00,000	1,19,72,000	1,36,67,000
Madras (*a*) . .	1,06,20,404	1,06,73,640	1,08,64,310	1,09,00,000	1,09,00,000	1,09,00,000
Bombay (*a*) . .	1,26,64,943	1,30,85,922	1,27,87,690	1,34,00,000	1,32,00,000	1,30,00,000
TOTAL ₹	4,91,42,387	4,97,92,767	4,76,39,253	4,93,75,000	5,11,47,000	5,14,17,000
Equivalent in Sterling £	3,276,159	3,319,518	3,175,950	3,291,700	3,409,800	3,427,800
CHARGES.						
Establishment charges .	40,31,601	39,84,025	43,21,535	42,78,000	41,74,000	42,71,000
Cost of Salt purchased by Government .	10,91,290	9,68,524	12,96,663	12,12,000	13,62,000	13,70,000
Total India ₹	51,22,891	49,52,549	56,18,198	54,90,000	55,36,000	56,41,000
Equivalent in Sterling £	341,526	330,170	374,547	366,000	369,100	376,100
England . . £	1,582	573	2,529	500	700	800
TOTAL £	343,108	330,743	377,076	366,500	369,800	376,900
Total Consumption Mds.	4,54,10,000	4,58,00,000	4,55,10,000	4,66,00,000	4,79,00,000	4,78,00,000

(*a*) Chiefly excise on local manufacture. (*b*) Chiefly duty on imported salt.

REVENUE.

Revised, 1911-12.

29. The total quantity of salt issued for consumption in the first eight months of 1911-12 was nearly the same as the corresponding issue in the preceding year, the clearances being generally restricted in consequence of the high price of imported salt and rumours about a further reduction of duty. A substantial improvement has however taken place since December partly owing to speculative clearances made in the belief that Government would raise a portion of the funds required for Imperial Delhi by increasing the duty on salt; and the total issues for consumption during the year are now expected to be 23·9 lakhs of maunds higher than in 1910-11 or 13 lakhs of maunds higher than the Budget forecast. The growth of the credit sales in Bengal has, moreover, not been quite so rapid as was anticipated, and the improvement in revenue as compared with the Budget estimate will amount to ₹17·72 lakhs.

Budget, 1912-13.

30. In view of the abnormal growth in the consumption in the current year, the consumption in 1912-13 has been taken at a slightly lower figure of 478 lakhs of maunds. The increase in revenue will, however, amount to ₹2·70 lakhs, as the growth in the sales on credit in Bengal is not likely to be quite so large in 1912-13 as in the current year.

EXPENDITURE.

Revised, 1911-12.

31. The total Revised estimate for 1911-12 does not materially differ from the Budget provision, an increase of ₹1·50 lakhs in the cost of salt purchased by Government for manufacturing purposes being counterbalanced to a great extent by savings in the grants for preventive and other establishments in several provinces. In the Budget estimate for 1912-13 full provision has been made for the charges of sanctioned establishments while the grant for the purchase of salt has been fixed with reference to the outlay in the current year.

Budget, 1912-13.

IV AND 6.—STAMPS.

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General . .	3,68,265	3,53,806	3,76,456	4,07,000	3,83,000	3,84,000
2. Baluchistan . .	93,473	82,580	87,703	93,000	89,000	88,000
3. North-West Frontier	4,86,447	5,20,724	5,02,016	5,22,000	5,47,000	5,47,000
Total .	9,48,186	9,57,110	9,66,175	10,22,000	10,19,000	10,19,000
Divided.						
1. Central Provinces .	29,92,479	31,99,378	35,24,209	34,00,000	32,50,000	35,00,000
2. Burma . . .	37,76,057	36,12,156	38,96,721	39,53,000	37,00,000	38,00,000
3. Assam . . .	...	...	...	...	...	12,25,000
4. Bengal (new) . .	...	...	...	...	...	2,04,25,000
5. Behar . . .	...	...	...	...	...	61,50,000
6. United Provinces .	99,80,385	1,10,40,162	1,20,50,270	1,07,69,000	1,10,50,000	1,12,00,000
7. Punjab . . .	46,81,393	48,91,373	48,92,330	51,50,000	52,00,000	53,00,000
8. Madras . . .	1,08,22,572	1,14,91,968	1,21,15,881	1,26,00,000	1,26,00,000	1,31,00,000
9. Bombay . . .	64,21,462	72,50,861	81,95,947	80,00,000	76,00,000	79,00,000
Eastern Bengal and Assam . .	99,39,968	1,01,64,150	1,06,73,319	1,09,00,000	1,11,00,000	...
Bengal (old) . .	1,55,99,838	1,56,17,389	1,58,60,511	1,62,00,000	1,62,00,000	...
Total .	6,42,14,154	6,72,67,437	7,12,09,188	7,09,72,000	7,07,00,000	7,26,00,000
TOTAL REVENUE R	6,51,62,340	6,82,24,547	7,21,75,363	7,19,94,000	7,17,19,000	7,36,19,000
Distribution of Total Revenue :—						
Court Fees and Plain Paper . . .	4,35,90,056	4,66,24,121	4,96,88,352	4,93,18,000	4,89,71,000	5,02,38,000
Commercial and other Stamps . .	2,07,26,096	2,07,86,048	2,14,72,029	2,17,66,000	2,17,64,000	2,23,76,000
Other Revenue . .	8,46,188	8,14,378	10,14,982	9,10,000	9,84,000	10,05,000
Equivalent of total revenue in Sterling £	4,344,156	4,548,304	4,811,691	4,799,600	4,781,200	4,908,000

EXPENDITURE.

Imperial.						
1. India General :—						
(*i*) Superintendence and other charges.	72,089	2,24,523	1,91,171	2,28,000	2,25,000	2,23,000
(*ii*) Credits for value of stamps supplied to Local Governments and administrations and to the Postal and Telegraph Departments . .	—16,69,340	—16,90,425	—17,10,136	—17,92,000	—18,84,000	—18,70,000
2. Baluchistan .	1,387	1,233	1,291	1,000	1,000	1,000
3. North-West Frontier	20,467	19,684	22,455	22,000	22,000	22,000
	—15,75,397	—14,44,985	—14,95,219	—15,41,000	—16,36,000	—16,24,000
Divided.						
1. Central Provinces .	1,19,549	1,21,904	1,18,475	1,30,000	1,23,000	1,30,000
2. Burma . . .	1,10,650	1,01,910	1,03,632	1,06,000	1,04,000	1,06,000
3. Assam . . .	...	...	...	...	...	58,000
4. Bengal (new) . .	...	...	...	...	...	6,72,000
5. Behar . . .	...	...	...	...	...	2,06,000
6. United Provinces .	2,40,879	2,73,967	2,79,572	2,68,000	2,72,000	2,73,000
7. Punjab . .	1,61,660	1,71,602	1,62,914	1,70,000	1,62,000	1,69,000
8. Madras . .	4,04,320	4,26,685	4,30,450	4,30,000	4,48,000	4,40,000
9. Bombay . .	2,21,554	2,21,663	2,32,879	2,37,000	2,34,000	2,38,000
Eastern Bengal and Assam . .	4,14,961	4,19,750	4,05,153	4,46,000	4,75,000	...
Bengal (old) . .	4,62,388	4,31,564	4,27,563	4,38,000	4,48,000	...
Total India . R	5,60,564	7,24,460	6,65,419	6,84,000	6,30,000	6,68,000
Equivalent in Sterling £	37,371	48,297	44,361	45,600	42,000	44,500
England . £	136,667	103,492	79,459	95,300	95,300	110,500
TOTAL EXPENDITURE £	174,038	151,789	123,820	140,900	137,300	155,000

REVENUE

(*a*) *Wholly Imperial.*

32. The figures show little variation and do not call for remark.

(*b*) *Divided.*

Revised, 1911-12.

33. The Revised estimate for 1911-12 is less than the Budget by R2·72 lakhs. The shortage occurs almost wholly under court-fee stamps and is apparently due to an insufficient allowance in the Budget estimates of some of the provinces for the absence of the special condition which inflated the revenue in 1910-11, *viz.*, the operation of section 31 of the Indian Limitation Act (IX) of 1908.

Budget, 1912-13.

34. The Budget for 1912-13 is taken at R19 lakhs more than the Revised estimate for 1911-12. Provision for normal growth has been made in every province.

EXPENDITURE.

35. The cost of all stamps and stamp paper supplied from England is charged under this head, and an adjustment is made in India transferring to Post Office and Telegraph the cost of stamps used for postal and telegraph purposes. Similarly the cost of revenue stamps supplied to Local Governments and Administrations is debited to them in the Provincial section of the accounts by *per contra* credit in the Imperial section under this head. The credits on both these accounts are shown against item I (*ii*) in the table under Expenditure on page 32.

36. The fluctuations between the Revised and the Budget estimates for the current year, and between the latter and the Budget estimates for 1912-13, are unimportant, both in the case of the wholly Imperial and the divided expenditure in India, and do not call for remark. The increased outlay in England in 1912-13 is chiefly on account of postal stamps.

V AND 7.—EXCISE.

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-12. Budget.	1911-12. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	13,88,897	14,38,707	15,73,689	15,90,000	15,82,000	16,08,000
2. Baluchistan	1,87,643	1,91,572	2,46,854	2,50,000	2,80,000	2,55,000
3. North-West Frontier	2,86,548	3,18,583	2,78,194	2,60,000	3,01,000	3,25,000
Total	18,63,088	19,48,862	20,98,737	21,00,000	21,63,000	21,88,000
Divided and wholly Provincial.						
1. Central Provinces	66,15,846	68,87,477	75,88,655	84,00,000	90,50,000	96,00,000
2. Burma	77,18,814	76,49,137	72,01,227	74,40,000	73,40,000	78,80,000
3. Assam	...	...	...	...	...	46,00,000
4. Bengal (new)	...	...	...	...	...	1,38,50,000
5. Behar	...	...	...	...	...	1,01,00,000
6. United Provinces	85,62,248	86,76,811	1,02,79,365	1,04,26,000	1,13,50,000	1,15,00,000
7. Punjab	47,59,938	43,23,244	56,94,676	58,00,000	63,00,000	63,50,000
8. Madras	2,54,42,443	2,69,35,301	2,77,73,643	2,90,00,000	3,01,00,000	3,19,00,000
9. Bombay	1,68,45,360	1,75,46,814	1,89,72,896	1,92,00,000	2,03,50,000	2,06,50,000
Eastern Bengal and Assam	70,35,670	73,07,598	78,71,330	79,30,000	83,50,000	...
Bengal (old)	1,70,01,004	1,67,92,558	1,79,74,186	1,81,00,000	1,97,00,000	...
Total	9,39,81,323	9,61,18,940	10,33,55,978	10,62,96,000	11,25,40,000	11,64,30,000
TOTAL REVENUE ₹	9,58,44,411	9,80,67,802	10,54,54,715	10,83,96,000	11,47,03,000	11,86,18,000
Equivalent in Sterling £	6,389,628	6,537,854	7,030,314	7,226,400	7,646,900	7,907,900

EXPENDITURE.

Imperial.						
1. India General	1,93,055	1,55,028	1,55,579	1,46,000	1,42,000	90,000
2. Baluchistan	1,535	5,322	14,777	9,000	11,000	9,000
3. North-West Frontier	8,176	8,280	12,472	15,000	13,000	16,000
Total	2,02,766	1,68,630	1,82,828	1,70,000	1,66,000	1,15,000
Divided and wholly Provincial.						
1. Central Provinces	2,80,480	2,67,805	2,76,086	3,08,000	2,93,000	3,56,000
2. Burma	11,92,508	12,14,020	11,81,752	13,52,000	11,81,000	13,13,000
3. Assam	...	...	...	...	...	1,13,000
4. Bengal (new)	...	...	...	...	...	6,31,000
5. Behar	...	...	...	...	...	5,01,000
6. United Provinces	2,05,253	3,24,228	3,59,805	3,87,000	3,90,000	4,01,000
7. Punjab	74,291	78,490	1,68,571	1,78,000	1,76,000	1,86,000
8. Madras	18,19,223	18,15,130	17,74,034	18,71,000	18,16,000	18,49,000
9. Bombay	10,18,665	9,33,919	9,45,547	9,99,000	10,65,000	10,44,000
Eastern Bengal and Assam	2,77,319	2,90,108	3,10,833	3,14,000	3,19,000	...
Bengal (old)	7,85,537	8,71,328	8,83,488	9,50,000	9,14,000	...
Total	56,53,276	57,95,028	59,00,116	63,59,000	61,54,000	63,94,000
Total India ₹	58,56,042	59,63,658	60,82,944	65,29,000	63,20,000	65,09,000
Equivalent in Sterling £	390,403	397,577	405,530	435,300	421,300	434,000
England £	149	336	464	100	100	...
TOTAL EXPENDITURE £	390,552	397,913	405,994	435,400	421,400	434,000

37. The revenue and expenditure under this head will be wholly provincial in the new provinces of Assam and Bengal, while in Behar the provincial share will be three-fourths.

REVENUE.

(*a*) *Wholly Imperial.*

38. The figures do not show any important variations and call for no remark.

(*b*) *Divided and wholly Provincial.*

39. The Revised estimate for 1911-12 exceeds the Budget by no less than ₹62·44 lakhs. In Madras and the Central Provinces the recovery from the effects of the adverse influences which had affected the revenue in recent years is likely to be much more rapid than was anticipated. In the other provinces, the Budget estimate provided for only a moderate growth in revenue as it was assumed that the further reforms which were to be introduced in their excise administration would check the consumption of stimulants. Considerable progress seems to have been made in most of the provinces with these reforms by way of a further extension of the contract distillery system, the enhancement of still-head duty and of the duty on country spirits and drugs, and the raising of license-fees for the retail sale of liquor. But the prevalence of favourable economic conditions throughout the greater portion of the country have led to a very substantial improvement in revenue over the Budget estimate in almost every province. In Burma alone is the revenue now expected to fall short of the Budget estimate, the improved receipts from license fees for the sale of liquors being more than counterbalanced by a further decline in opium revenue caused by the increased stringency of the policy of restriction of issues. *Revised, 1911-1912.*

40. The estimate for next year is taken at ₹38·90 lakhs higher than the Revised estimate for 1911-12, the increase being distributed over all the provinces. Provision for a very moderate growth in revenue has been made in Bombay owing to the unfavourable agricultural conditions in the northern part of the Presidency; and in some of the other provinces in view of the high collections in the current year. *Budget, 1912-1913.*

EXPENDITURE.

(*a*) *Wholly Imperial.*

41. There is no material variation between the Budget and Revised estimates of the current year. The decrease in the Budget estimate for 1912-13 is caused by the closing of the Central laboratory at Kasauli and the absence of provision for the appointment of Inspector General of Excise and Salt. *Revised, 1911-1912.* *Budget, 1912-1913.*

(*b*) *Divided and wholly Provincial.*

42. The lapse of ₹2·05 lakhs in the Budget grant for 1911-12 is chiefly due to the non-utilisation of the provisions for the revision of excise establishments in Burma and Bengal, and the partial utilisation of a similar provision in Madras. The lapse would have been higher but for a payment of ₹·67 lakh on account of the Royal bonus. The Budget estimate for 1912-13 provides for normal charges of sanctioned establishments as well as for the revision of the district executive staff in Burma. *Revised, 1911-1912.* *Budget, 1912-1913.*

VI AND 8.—PROVINCIAL RATES.

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912.		Budget, 1912-1913.
				Budget.	Revised.	
Imperial.						
1. India General .	52,694	27,801	1,357	9,000	10,000	14,000
2. North-West Frontier	9,074	2,214	2,013	4,000	3,000	3,000
Provincial.						
1. Assam . . .	...	...	...	...	...	7,000
2. Bengal (new) . .	...	...	...	...	...	32,42,000
3. Behar . . .	...	...	...	...	...	26,00,000
4. United Provinces .	24,27,840	23,88,185	24,05,151	23,76,000	23,88,000	23,65,000
5. Punjab . .	37,131	33,156	24,767	25,000	30,000	25,000
Eastern Bengal and Assam .	16,66,296	16,60,067	17,28,440	17,60,000	17,90,000	...
Bengal (old) . .	38,10,886	39,76,925	41,53,949	40,00,000	41,18,000	...
TOTAL REVENUE R	80,03,921	80,88,348	83,15,677	81,74,000	83,39,000	82,56,000
Equivalent in Sterling £	533,595	539,223	554,378	545,000	555,900	550,400

EXPENDITURE.

Provincial.						
1. Bengal (new) . .	...	...	...	...	...	53,000
2. Behar . . .	...	...	...	...	...	35,000
Eastern Bengal and Assam . . .	24,332	31,796	27,143	31,000	23,000	...
Bengal (old) . .	41,429	42,379	42,220	79,000	62,000	...
TOTAL EXPENDITURE R	65,761	74,175	69,363	1,10,000	85,000	88,000
Equivalent in Sterling £	4,384	4,945	4,624	7,300	5,700	5,900

REVENUE.

(*a*) *Imperial.*

43. The figures show little variation and call for no remark.

(*b*) *Provincial.*

44. An improvement of R1·18 lakhs has taken place in Bengal over the Budget of the current year mainly under cess on mines—the profits of coal mines being higher than was anticipated. Otherwise there is no important variation between the Budget and Revised estimates of the current year or between the latter and the Budget estimate for 1912-13.

EXPENDITURE.

45. There is no material variation between the Budget and the Revised estimates of the current year, or between the latter and the Budget for next year.

VII AND 9.—CUSTOMS.

SEA CUSTOMS.	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
IMPORTS.						
Special Import Duties.						
Arms, Ammunition, and Military Stores	5,21,748	14,82,061	5,00,005	5,00,000	5,06,000	4,71,000
Liquors—						
Ale, Beer, Porter, Cider and other fermented Liquors	5,27,530	5,45,508	7,99,863	8,38,000	8,00,000	8,13,000
Spirits and Liqueurs	95,26,877	95,57,088	1,06,87,535	1,10,60,000	1,12,00,000	1,12,00,000
Wines	3,96,696	4,12,199	5,70,996	5,90,000	5,81,000	5,90,000
Opium	2,850	3,580	7,594	7,000	8,000	8,000
Petroleum	53,26,730	46,87,886	60,63,193	60,00,000	80,00,000	70,00,000
Silver, Bullion and Coin	...	...	1,62,40 211	1,00,00,000	1,00,00,000	80,00,000
Sugar (countervailing duties, 1899)	405	734	1,524	...	...	...
Do. (do. 1902)	510	108	...	...	...	...
Tobacco	(*a*)	(*a*)	30,06,672	34,00,000	25,63,000	25,66,000
General Import Duties.						
Articles of Food and Drink (excluding Sugar)	26,07,550	24,91,089	25,81,083	27,00,000	28,00,000	28,00,000
Sugar (ordinary duties)	51,55,930	56,02,253	62,87,703	64,00,000	53,50,000	60,00,000
Chemicals, Drugs, Medicines and Dyeing and Tanning Materials	16,90,773	19,74,847	16,45,557	17,50,000	16,54,000	16,69,000
Cotton Manufactures	1,18,12,368	1,23,85,548	1,41,77,362	1,42,00,000	1,58,50,000	1,63,50,000
Metals and Manufactures of :—						
Silver, Bullion and Coin	63,64,132	53,46,983	(*b*)	(*b*)	(*b*)	(*b*)
Other Metals and Manufactures of Metals	47,05,127	45,83,334	53,03,530	56,00,000	53,00,000	53,00,000
Oils (excluding Petroleum)	1,35,920	1,24,234	1,38,891	1,48,000	1,18,000	1,29,000
Manufactured Articles	94,25,197	92,68,645	1,13,88,293	1,12,00,000	1,24,00,000	1,30,00,000
Raw Materials and Unmanufactured Articles	16,09,073	14,94,639	14,60,998	14,50,000	15,20,000	15,24,000
TOTAL IMPORTS	5,98,09,416	5,89,60,736	8,08,61,010	7,58,43,000	7,86,50,000	7,74,20,000
EXCISE DUTY ON COTTON GOODS	35,43,778	40,06,193	42,80,251	41,00,000	50,50,000	51,50,000
EXPORT DUTIES—						
Rice	81,80,598	1,04,63,698	1,30,87,908	1,22,00,00	1,36,50,000	1,22,33,000
LAND CUSTOMS AND MISCELLANEOUS	9,50,173	10,46,133	10 55,969	10,67,000	11,79,000	11,72,000
GRAND TOTAL ₹	7,24,83,965	7,44,76,760	9,92,85,138	9,32,10,000	9,85,29,000	9,59,75,000
Equivalent in Sterling £	4,832,264	4,965,118	6,619,009	6,214,000	6,568,000	6,398,300
Charges ₹	31,32,958	32,56,807	35,83,963	37,20,000	37,41,000	38,39,000
Equivalent in Sterling £	208,864	217,124	238,931	248,000	249,400	255,900
England £	159	371	635	200	500	100
TOTAL £	209,023	217,495	239,566	248,200	249,900	256,000

(*a*) Credited under General Import Duties—Chemicals, etc. (*b*) See under Special Import Duties.

REVENUE.

46. The Revised estimate for 1911-12 exceeds the Budget by ₹53·19 lakhs. Of this improvement, ₹26 lakhs are contributed by the import and excise duty on cotton goods the demand for which has, owing to the generally favourable economic conditions, expanded more rapidly than had been anticipated, while there has been a further advance in the average prices. Important increases are also expected: (*a*) under petroleum (₹20 lakhs), the lowering of prices in the recent rate war having enabled the foreign oil to recover a portion of the ground it had lost in late years; (*b*) under manufactured articles (₹12 lakhs) owing to a large increase in the imports of woollen goods, apparel and motor cars apparently in connection with the Coronation festivities; and (*c*) in the export duty on rice (₹14·5 lakhs), the shortage of crops in Europe and the Far East having stimulated the exports from Burma and other parts of India. On the other hand, there is a material decline (*a*) of ₹8·37 lakhs in the yield of the tobacco duties, and (*b*) of ₹10·5 lakhs in the duty on sugar, owing to the contraction of imports of Java sugar into India caused by the scarcity in Europe and the prevailing high prices. *Revised, 1911-12.*

47. The Budget estimate for 1912-13 has been taken at ₹25·54 lakhs less than the Revised estimate for the current year. Allowance has been made for a falling-off of ₹20 lakhs under silver in the anticipation that the full stocks and the rise in prices will tend to check the speculative imports of recent years; and of ₹14·17 lakhs and ₹10 lakhs respectively in the export duty on rice and the import duty on petroleum, in the expectation that the abnormal circumstances which had inflated the revenue from both these sources in the current year will cease. Under the other tariff heads provision has been generally made for a normal growth in revenue. *Budget, 1912-13.*

EXPENDITURE.

48. The Revised estimate for the current year does not differ materially from the Budget, the small excess being caused mainly by the grant of the Royal bonus. The increase in the grant for 1912-13 over the Revised estimate for 1912-13 is chiefly due to provision for a joint customs and excise testing station in the Calcutta Customs house, and for the revision of certain establishments in Burma and Bombay. *Revised, 1911-12.* *Budget, 1912-13.*

VIII AND 10.—ASSESSED TAXES.

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General (Civil)	8,94,519	8,87,448	8,90,196	9,11,000	9,47,000	9,20,000
2. Baluchistan (Civil)	20,771	20,031	20,039	19,000	20,000	20,000
3. North-West Frontier (Civil)	1,29,862	1,32,049	1,32,998	1,38,000	1,38,000	1,39,000
4. Other Provinces (Civil)	6,301	4,043	23,232	17,000	19,000	18,000
5. Non-civil Departments	15,94,042	16,93,568	17,17,809	13,85,000	14,41,000	14,52,000
Total	26,45,495	27,37,139	27,84,274	24,70,000	25,65,000	25,49,000
Divided.						
1 Central Provinces	5,76,666	5,47,204	6,13,386	6,43,000	7,00,000	7,35,000
2. Burma	17,94,884	18,33,507	18,98,721	19,62,000	19,56,000	19,47,000
3. Assam	...	...	...	...	...	3,60,000
4. Bengal (new)	...	...	...	...	...	51,25,000
5. Behar	...	...	...	...	...	11,60,000
6. United Provinces	23,01,793	22,18,241	23,22,361	24,07,000	24,62,000	24,99,000
7 Punjab	14,16,470	14,57,971	15,01,287	16,42,000	16,20,000	16,64,000
8. Madras	29,90,613	30,74,333	30,81,745	31,92,000	31,42,000	32,42,000
9. Bombay	47,51,810	47,17,319	50,99,847	48,94,000	54,00,000	54,00,000
Eastern Bengal and Assam	11,80,591	12,12,713	12,44,785	12,84,000	12,90,000	...
Bengal (old)	56,42,965	55,86,036	53,53,107	55,57,000	54,60,000	...
Total	2,06,55,792	2,06,47,324	2,11 15,239	2,15,81,000	2,20,30,000	2,21,32,000
TOTAL REVENUE R	2,33,01,287	2,33,84,463	2,38,99,513	2,40,51,000	2,45,95,000	2,46,81,000
Equivalent in Sterling £	1,553,419	1,558,964	1,593,301	1,603,400	1,639,700	1,645,400

EXPENDITURE.

Imperial.						
1. India General	1,409	1,506	1,504	2,000	2,000	2,000
2. North-West Frontier	948	991	1,079	1,000	1,000	1,000
Divided.						
1. Central Provinces	10,059	9,805	8,574	10,000	10,000	22,000
2. Burma	38,179	39,210	41,430	43,000	42,000	44,000
3. Assam	..	...	...	...	...	8,000
4. Bengal (new)	...	...	...	...	...	1,57,000
5. Behar	...	...	...	...	...	41,000
6. United Provinces	321	313	312	...	...	...
7. Punjab	11,507	11,020	10,660	11,000	12,000	11,000
8. Madras	37,656	38,892	35,495	39,000	36,000	37,000
9. Bombay	89,176	95,222	1,09,406	1,13,000	1,14,000	1,21,000
Eastern Bengal and Assam	34,266	39,214	40,399	40,000	40,000	...
Bengal (old)	1,60,003	1,55,715	1,56,004	1,63,000	1,60,000	...
TOTAL EXPENDITURE R	3,83,524	3,91,888	4,04,863	4,22,000	4,17,000	4,44,000
Equivalent in Sterling £	25,568	26,126	26,991	28,200	27,800	29,600

REVENUE.

(*a*) *Imperial.*

49. There is no material variation between the Budget and Revised Estimates for the current year or between the latter and the Budget Estimate for 1912-13.

(*b*) *Divided.*

50. The total Revised Estimate for 1911-12 exceeds the Budget by R4·49 lakhs. The only important variation from the Budget forecast occurs in Bombay where an improvement of R5·06 lakhs is expected owing to higher profits of companies and piece-goods merchants. The Budget for 1912-13 provides for normal growth of revenue in most of the provinces. In Bengal and Bombay a somewhat cautious estimate has been adopted in view of the troubles in the jute trade in the former and of the unfavourable agricultural conditions prevailing in portions of the latter province.

Revised, 1911-12.

Budget, 1912-13.

EXPENDITURE.

51. The figures show little variation and call for no remark.

IX AND 11.—FOREST.

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General .	4,66,832	5,12,136	7,39,418	8,13,000	7,69,000	8,58,000
2. Baluchistan . .	23,305	18,730	23,210	23,000	22,000	22,000
3. North-West Frontier	1,22,782	1,73,305	2,05,342	1,64,000	1,64,000	2,00,000
Total .	6,12,919	7,04,171	9,67,970	10,00,000	9,55,000	10,80,000
Divided and wholly Provincial.						
1. Central Provinces .	20,78,162	20,78,340	21,14,226	22,50,000	25,00,000	24,00,000
2. Burma . . .	92,48,634	93,63,076	1,01,08,020	1,02,19,000	95,56,000	1,04,66,000
3. Assam . .	...	...	...	...	...	13,10,000
4. Bengal (new) . .	...	...	...	...	...	14,00,000
5. Behar . . .	...	...	...	...	...	4,05,000
6. United Provinces .	21,75,406	23,01,164	23,78,439	25,00,000	30,00,000	26,45,000
7. Punjab . . .	12,88,792	10,32,633	12,17,988	12,26,000	14,00,000	13,91,000
8. Madras . .	38,90,919	41,78,381	38,80,411	40,00,000	40,60,000	40,60,000
9. Bombay . .	35,87,356	37,57,656	37,18,225	37,70,000	43,00,000	44,60,000
Eastern Bengal and Assam . .	14,46,368	15,34,732	18,90,635	17,68,000	19,22,000	...
Bengal (old) . .	11,84,845	10,80,640	11,67,444	12,50,000	11,00,000	...
Total .	2,49,00,482	2,53,26,622	2,64,75,388	2,69,83,000	2,78,38,000	2,85,37,000
TOTAL INDIA R	2,55,13,401	2,60,30,793	2,74,43,358	2,79,83,000	2,87,93,000	2,96,17,000
Equivalent in Sterling £	1,700,894	1,735,386	1,829,557	1,865,500	1,919,500	1,974,500

EXPENDITURE.

Imperial.						
1. India General .	6,26,953	6,62,821	7,07,490	8,65,000	8,46,000	8,85,000
2. Baluchistan . .	36,587	26,549	26,386	30,000	29,000	30,000
3. North-West Frontier	81,413	77,391	72,492	1,00,000	81,000	1,00,000
Total .	7,44,953	7,66,761	8,06,368	9,95,000	9,56,000	10,15,000
Divided and wholly Provincial.						
1. Central Provinces .	17,53,307	15,86,852	15,89,533	17,41,000	18,10,000	17,80,000
2. Burma . . .	38,18,603	37,89,303	40,04,865	43,72,000	43,15,000	43,29,000
3. Assam . . .	...	...	...	...	...	8,43,000
4. Bengal (new) . .	...	...	...	...	...	7,28,000
5. Behar . . .	...	...	...	...	...	3,56,000
6. United Provinces .	12,22,436	12,09,308	12,37,938	13,94,000	13,56,000	15,65,000
7. Punjab . .	8,51,627	6,67,752	7,40,542	7,69,000	7,68,000	7,97,000
8. Madras . .	29,17,261	33,39,635	32,25,801	35,26,000	34,04,000	35,10,000
9. Bombay . .	20,43,873	20,63,088	20,70,417	23,20,000	29,25,000	29,56,000
Eastern Bengal and Assam . .	8,91,349	10,12,541	10,87,339	10,95,000	11,27,000	...
Bengal (old) . .	5,83,981	5,91,099	6,43,285	7,34,000	7,18,000	...
Total .	1,40,82,437	1,42,59,578	1,45,99,720	1,59,51,000	1,64,23,000	1,68,64,000
TOTAL INDIA R	1,48,27,390	1,50,26,339	1,54,06,088	1,69,46,000	1,73,79,000	1,78,79,000
Equivalent in Sterling £	988,492	1,001,756	1,027,072	1,129,700	1,158,600	1,191,900
England . . £	5,666	4,941	6,189	6,500	6,300	5,300
TOTAL EXPENDITURE £	994,158	1,006,697	1,033,261	1,136,200	1,164,900	1,197,200
NET REVENUE £	706,736	728,689	796,296	729,300	754,600	777,300

REVENUE.

(*a*) *Imperial.*

52. The falling-off in revenue in the current year as compared with the Budget estimate occurs mainly in Port Blair. The Budget estimate of 1912-13 provides for some improvement in the receipts in Port Blair and the North-West Frontier Province. *Revised, 1911-12.* *Budget, 1912-13.*

(*b*) *Provincial.*

53. The Revised estimate for 1911-12 exceeds the Budget by R8·55 lakhs. The improvement is shared by all the provinces with the exception of Burma and Bengal. The more important increases occur in Bombay (R5·30 lakhs) and the Central Provinces (R2·5 lakhs), mainly in connection with the famine fodder operations in the former province; and in the United Provinces (R5 lakhs) owing to favourable prices realised at auction sales of timber, larger sales of dead trees, and the expansion of the turpentine industry in the Naini Tal division. On the other hand there will be a considerable shortage of R6·63 lakhs in Burma, caused partly by reduced sales of timber and partly by a postponement of recoveries in connection with the sale of the lease of the Mergui rubber plantation. *Revised, 1911-12.*

54. The total revenue in 1912-13 is taken at R6·99 lakhs higher than the Revised estimate for 1911-12. An improvement of R9·10 lakhs is assumed in Burma alone owing to an anticipated rise in the price of teak and to the sale of elephants consequent on the dissolution of the Kheddah department. An increase of R1·6 lakhs is also expected in Bombay in consequence of the continuance of the famine fodder operations. But on the other hand there is a large decrease of R3·55 lakhs in the United Provinces, where the bulk of the dead timber is likely to be disposed of by the end of the current year. The variations between the Revised and Budget estimates in the other provinces are of less importance and do not call for remark; but generally no provision has been made for a growth in revenue, as the collections in the current year were mostly inflated by abnormal causes. *Budget, 1912-13.*

EXPENDITURE.

(*a*) *Imperial.*

55. There is no material variation between the Budget and Revised estimates, nor between the latter and the Budget for 1912-13.

(*b*) *Provincial.*

56. The Revised estimate for 1911-12 exceeds the Budget provision by R4·72 lakhs. There is an excess of R6·05 lakhs in Bombay caused by the famine fodder operations; and excesses of smaller magnitude are expected in the Central Provinces and Eastern Bengal and Assam in connection with special measures which will bring in additional revenue. In the other provinces there will be a lapse in the Budget grants, the largest saving taking place in Madras owing to the contraction of departmental operations. *Revised, 1911-12.*

57. The Budget estimate for 1912-13 is R4·41 lakhs higher than the Revised estimate of the current year. Increased provision has been generally made for establishment charges to allow of the grant of increments under the time-scale of pay, and the entertainment of additional establishments in connection with schemes already sanctioned or under consideration. But the effect of this is obscured in Burma by a large saving in Khedda charges consequent on the abolition of the department; while in Bombay and the Central Provinces it is more than counterbalanced by a reduction in the outlay on conservancy and works owing to the cessation of the special operations undertaken in the current year. *Budget, 1912-13.*

X AND 12.—REGISTRATION.

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	19,127	19,387	21,565	20,000	23,000	22,000
2. Baluchistan	2,110	2,266	3,228	3,000	3,000	3,000
3. North-West Frontier	36,928	39,311	33,941	42,000	41,000	41,000
Total	58,165	60,964	58,734	65,000	67,000	66,000
Provincial.						
1. Central Provinces	2,78,272	2,96,749	3,22,792	3,25,000	3,25,000	3,30,000
2. Burma	1,93,356	1,83,005	1,99,843	1,86,000	2,03,000	1,95,000
3. Assam	...	...	...	...	...	90,000
4. Bengal (new)	...	...	...	...	...	16,77,000
5. Behar	...	...	..	...	...	5,68,000
6. United Provinces	5,66,595	6,28,200	5,96,697	5,50,000	5,75,000	6,00,000
7. Punjab	3,13,631	3,21,714	2,99,763	3,04,000	3,09,000	3,13,000
8. Madras	19,47,887	19,37,640	19,28,417	19,80,000	20,20,000	20,80,000
9. Bombay	7,03,210	7,15,469	7,55,074	7,45,000	7,00,000	7,35,000
Eastern Bengal and Assam	9,76,886	9,59,199	9,67,385	9,75,000	10,16,000	...
Bengal (old)	14,26,043	13,52,720	12,59,120	13,26,000	12,75,000	...
Total	64,05,880	63,94,696	63,29,091	63,91,000	64,23,000	65,88,000
TOTAL INDIA R	64,64,045	64,55,660	63,87,825	64,56,000	64,90,000	66,54,000
Equivalent in Sterling £	430,936	430,377	425,855	430,400	432,700	443,600

EXPENDITURE.

Imperial.						
1. India General	6,445	6,809	7,751	8,000	8,000	8,000
2. Baluchistan	814	806	968	1,000	1,000	1,000
3. North-West Frontier	9,507	9,950	9,518	10,000	10,000	11,000
Total	16,766	17,565	18,237	19,000	19,000	20,000
Provincial.						
1. Central Provinces	1,11,433	1,14,802	1,19,498	1,22,000	1,27,000	1,27,000
2. Burma	82,127	82,122	88,855	86,000	96,000	93,000
3. Assam	...	...	...	...	...	64,000
4. Bengal (new)	...	...	...	...	...	10,33,000
5. Behar	...	...	...	...	...	3,24,000
6. United Provinces	2,65,888	2,76,187	2,82,650	2,95,000	2,99,000	2,91,000
7. Punjab	1,17,545	1,16,834	1,16,315	1,20,000	1,19,000	1,21,000
8. Madras	11,24,011	11,72,520	12,02,785	12,59,000	12,49,000	12,40,000
9. Bombay	3,52,076	3,62,301	3,77,721	3,88,000	3,83,000	3,75,000
Eastern Bengal and Assam	5,92,316	6,14,769	6,29,995	6,26,000	6,31,000	...
Bengal (old)	8,14,977	7,78,634	7,74,435	7,94,000	7,97,000	...
Total	34,60,373	35,18,169	35,92,254	36,90,000	37,01,000	36,68,000
TOTAL INDIA R	34,77,139	35,35,734	36,10,491	37,09,000	37,20,000	36,88,000
Equivalent in Sterling £	231,809	235,716	240,699	247,300	248,000	245,900

58. The figures of both revenue and expenditure for the two years do not show any material variation and call for no remark.

XI.—TRIBUTES.

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General .	20,65,519	18,87,417	22,57,990	20,12,000	21,23,000	20,09,000
2. Central Provinces .	2,47,623	2,38,587	2,42,437	2,39,000	2,38,000	2,39,000
3. Burma . . .	4,49,600	4,02,322	4,11,941	3,08,000	4,44,000	4,54,000
4. Assam . . .	...	...	...	...	...	50,000
5. Bengal (new) . .	...	...	...	...	...	68,000
6. Behar . . .	...	...	...	...	...	86,000
7. United Provinces .	...	...	...	1,90,000	3,21,000	3,21,000
8. Punjab . . .	2,84,116	3,76,890	2,76,849	2,76,000	1,45,000	1,45,000
9. Madras . . .	45,07,902	44,96,519	44,96,519	44,97,000	44,97,000	44,97,000
10. Bombay . .	12,05,407	13,20,622	13,23,613	16,59,000	11,10,000	11,90,000
Eastern Bengal and Assam . .	50,200	50,000	50,100	50,000	50,000	...
Bengal (old) , .	34,175	52,250	52,250	52,000	52,000	...
TOTAL INDIA R.	88,44,542	88,24,607	91,11,699	92,83,000	89,74,000	90,59,000
Equivalent in Sterling £	589,636	588,307	607,447	618,800	598,300	603,900

59. The revenue recorded under this head represents tributes received from the protected States, in several cases as a result of exchanges of territory and settlement of claims, and contributions made chiefly in lieu of former obligation to supply or maintain troops. Another item of receipt which used to appear under this head was *nazarana* or fees payable by some of the chiefs upon succession to their States. These will now disappear in consequence of the Royal announcement made at the Coronation durbar.

Revised, 1911-12.

60. The decrease of R3·09 lakhs in the revenue in the current year is mainly due to the remission of *nazarana* (aggregating R2·80 lakhs) due from the Nawanagar, Wadhwan and Limbdi States in the Bombay Presidency, as an act of grace in view of the present financial position of these States and of the announcement abolishing the levy of *nazarana* on future successions. In Bombay the collections had to be postponed in some cases owing to the unfavourable agricultural prospects, but on the other hand there has been a recovery of arrears from Jaora. The variations between the Budget and Revised Estimates in the United Provinces and the Punjab are due to the payment of the Kapurthala tribute into a treasury in the former province. The increase in the Budget Estimate for 1912-13 over the Revised for 1911-12 is chiefly due to the decision to record under this head the tributes from Cooch Behar and certain States in Orissa which hitherto used to appear in the accounts under "I.—Land Revenue."

Budget, 1912-13.

1.—REFUNDS AND DRAWBACKS.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget 1912-1913.
Imperial.						
1. India General	30,055	43,484	41,104	34,000	45,000	42,000
2. Baluchistan	17,356	4,613	3,438	4,000	10,000	4,000
3. North-West Frontier.	37,383	39,694	29,207	25,000	24,000	24,000
4. Other Provinces	17,27,538	50,86,374*	18,73,067	17,31,000	23,51,000	20,36,000
Total	18,12,332	51,74,165	19,46,816	17,94,000	24,30,000	21,06,000
Divided and Provincial.						
1. Central Provinces	1,01,607	1,30,512	73,314	80,000	87,000	84,000
2. Burma	2,41,526	2,29,920	2,55,456	2,66,000	2,69,000	2,45,000
3 Assam	...	...	...	...	...	26,000
4. Bengal (new)	...	...	...	...	...	2,51,000
5. Behar	...	...	...	...	...	76,000
6. United Provinces	2,84,332	2,22,809	2,27,181	2,11,000	1,92,000	2,05,000
7. Punjab	1,53,521	1,45,351	1,47,756	1,49,000	1,49,000	1,49,000
8. Madras	2,64,373	3,21,867	3,69,324	2,87,000	3,86,000	2,91,000
9. Bombay	7,79,602	9,75,977	7,47,430	5,94,000	8,30,000	6,50,000
Eastern Bengal and Assam	92,419	79,418	1,41,000	87,000	93,000	...
Bengal (old)	2,54,146	2,73,264	2,76,060	2,64,000	2,57,000	...
Total	21,71,526	23,79,118	22,37,521	19,38,000	22,63,000	19,77,000
TOTAL INDIA R	39,83,858	75,53,283	41,84,337	37,32,000	46,93,000	40,83,000
Equivalent in Sterling £	265,591	503,552	278,956	248,800	312,900	272,200

* Includes 33,79,804 on account of Opium Refunds in Bombay.

(*a*) *Imperial.*

61. The wholly Imperial expenditure shown against "other Provinces" represents refunds and drawbacks in respect of wholly Imperial revenue (*e.g.*, Opium, Salt, Customs and Tributes). The increase of R6·36 lakhs in the Revised Estimate over the Budget for 1911-12 is due to heavier refunds (*a*) of customs duty caused by unusually large re-exports of Java sugar and silver bullion and coin; and (*b*) of tributes in Burma, owing to remissions sanctioned by the local Government to allow the Shan chiefs to incur outlay on public works. In the Budget Estimate for 1912-13 a moderate provision has been made for refunds of customs duty.

Revised, 1911-12.

Budget, 1912-13.

(*b*) *Divided and Provincial.*

62. The expenditure fluctuates considerably from year to year and is difficult to estimate. In 1911-12 the Budget will be exceeded by R3·25 lakhs owing chiefly to special refunds of Land and Stamp revenue in Madras and Bombay. For 1912-13 a normal expenditure has been assumed.

Revised, 1911-12.

Budget, 1912-13.

2.—ASSIGNMENTS AND COMPENSATIONS.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General .	32,38,368	32,53,920	32,22,287	32,59,000	31,61,000	32,39,000
2. Baluchistan . .	2,17,493	2,02,224	2,01,679	2,01,000	2,01,000	2,01,000
3. North-West Frontier	19,542	19,561	18,316	19,000	18,000	18,000
4. Other Provinces .	35,39,396	35,00,923	34,81,774	35,36,000	36,61,000	35,47,000
Total .	70,14,799	69,76,628	69,24,056	70,15,000	70,41,000	70,05,000
Divided and Provincial.						
1. Central Provinces .	34,018	41,738	34,603	37,000	36,000	39,000
2. Burma . . .	400	400	60	1,000	1,000	1,000
3. Assam . . .	...	...	...	...	...	32,000
4. Bengal (new) . .	...	...	...	...	...	62,000
5. Behar . . .	...	...	...	...	...	92,000
6. United Provinces .	2,93,029	2,96,939	3,05,047	2,96,000	2,92,000	3,13,000
7. Punjab . . .	77,928	83,655	83,391	77,000	77,000	78,000
8. Madras . .	6,18,924	5,66,220	5,38,910	5,65,000	5,70,000	5,60,000
9. Bombay . .	98,77,865	1,02,01,508	1,01,06,559	1,01,51,000	1,02,06,000	1,02,41,000
Eastern Bengal and Assam . .	1,62,768	67,882	60,648	68,000	58,000	...
Bengal (old) . .	1,33,815	1,30,724	1,29,024	1,34,000	1,56,000	...
Total .	1,11,98,747	1,13,89,066	1,13,18,242	1,13,29,000	1,13,96,000	1,14,18,000
TOTAL INDIA ₹	1,82,13,546	1,83,65,694	1,82,42,298	1,83,44,000	1,84,37,000	1,84,23,000
Equivalent in Sterling £	1,214,236	1,224,380	1,216,153	1,222,900	1,229,100	1,228,200

63. The figures do not show any important variation and call for no remark. The wholly Imperial expenditure shown against "Other Provinces" represents Opium, Salt and Customs compensations paid to Native States and Foreign Governments, as well as Miscellaneous compensations (*i.e.*, those of a general character and not intended to indemnify against loss of a particular kind of revenue) in provinces other than Bombay.

XII.—INTEREST RECEIPTS.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. Interest on Imperial loans and advances . .	44,38,220	42,79,584	41,14,612	41,62,000	38,62,000	36,61,000
2. Profits of Paper Currency Circulation . .	34,70,420	34,70,420	34,70,420	34,70,000	34,70,000	34,70,000
3. Interest on overdrawn Capital of Railway Companies in India .	11,28,037	20,60,085	27,41,654	20,27,000	24,27,000	25,27,000
4. Interest charged to Capital on advances to Railway Companies.	7,86,973	3,57,338	4,33,384	5,66,000	5,34,000	6,29,000
5. Miscellaneous items.	65,428	76,584	81,943	1,05,000	1,40,000	1,04,000
TOTAL ₹	98,89,078	1,02,44,011	1,08,42,013	1,03,30,000	1,04,33,000	1,03,91,000
Provincial.						
1. Central Provinces .	1,53,823	2,54,085	2,52,242	1,85,000	2,19,000	1,91,000
2. Burma . . .	1,20,759	1,13,423	1,09,321	1,14,000	1,29,000	1,47,000
3. Assam . . .	...	...	...	...	...	18,000
4. Bengal (new) . .	...	...	...	...	...	5,06,000
5. Behar . . .	...	...	...	...	...	2,48,000
6. United Provinces .	13,18,653	16,19,313	15,99,518	11,04,000	14,28,000	11,92,000
7. Punjab . . .	2,84,918	3,54,733	2,87,617	2,90,000	2,70,000	3,00,000
8. Madras . . .	3,33,142	3,58,249	4,18,946	4,14,000	4,36,000	4,45,000
9. Bombay . . .	7,04,311	13,59,132	13,69,088	12,05,000	12,11,000	10,98,000
Eastern Bengal and Assam . .	1,39,389	1,51,083	1,72,760	1,67,000	1,73,000	...
Bengal (old) . .	5,21,993	7,94,808	7,48,081	5,85,000	7,04,000	...
TOTAL ₹	35,76,988	50,04,826	49,57,573	40,64,000	45,70,000	41,45,000
TOTAL INDIA ₹	1,34,66,066	1,52,48,837	1,57,99,586	1,43,94,000	1,50,03,000	1,45,36,000
Equivalent in Sterling £	897,737	1,016,589	1,053,306	959,600	1,000,200	969,100
ENGLAND.						
1. Profits of Paper Currency Circulation . . .	41,982	37,374	37,374	67,400	68,000	78,200
2. Interest realised from investment of cash balances	47,606	130,070	374,403	150,000	380,000	180,000
3. Miscellaneous .	...	310	356	...	...	...
TOTAL £	89,588	167,754	412,133	217,400	448,000	258,200
TOTAL RECEIPTS £	987,325	1,184,343	1,465,439	1,177,000	1,448,200	1,227,300
Loans and advances outstanding March 31 :—						
1. Imperial . £	7,002,812	6,843,998	6,639,577	6,758,500	6,462,277	6,625,677
2. Provincial . £	6,667,808	6,011,458	5,480,290	5,365,800	5,803,790	6,038,890

(*a*) *India—Imperial.*

Revised, 1911-12.

64. The total revenue in 1911-12 is now expected to be R1·03 lakhs more than the Budget estimate. There is a decrease of R3 lakhs in the interest receivable in respect of Imperial loans and advances, mainly owing to smaller

realisations from Native States in Bombay consequent on the prevailing scarcity and to the Royal announcement remitting certain sums due from non-jurisdictional estates in Kathiawar and Gujarat. But this is more than counterbalanced by an increase of ₹4 lakhs in the interest payable by the Bengal-Nagpur Railway Company on overdrafts of capital in connection with the old extensions constructed under the contract of 1902.

65. The total Budget for 1912-13 does not materially differ from the Revised estimate of the current year; a further decrease in the interest recoverable from Native States, due to causes already mentioned as well as to a reduction in the outstanding balances of loans, being nearly counterbalanced by an increase in the interest payable by the Bengal Nagpur Railway in respect of funds supplied to it by Government for the construction of old as well as new extensions. *Budget, 1912-13.*

(*b*) *India—Provincial.*

66. The increase of ₹5·06 lakhs in the receipts in the current year is mainly due to prompter recoveries of interest outstanding on *takavi* advances in some provinces and to a larger demand for *takavi* in others owing to an unfavourable season. The Budget estimate for 1912-13 provides for normal recoveries based on a normal demand. *Revised, 1911-12.* *Budget, 1912-13.*

(*c*) *England.*

67. The receipts in England in the current year are expected to show a considerable improvement of ₹34·59 lakhs (£230,600) over the Budget estimate. Nearly the whole of this increase occurs in the interest realised from the investment of the cash balances of the Home Treasury and is due to the amounts available for investment being much larger and the rate of interest higher than was estimated. The Budget estimate for 1912-13 provides for a full year's interest in respect of the additional investment of ₹2 crores of the currency reserve made last year. But the cash balances of the Home Treasury are not expected to remain as high as in the current year, and this accounts for the decrease in the total Budget as compared with the Revised for 1911-12. *Revised, 1911-12.* *Budget, 1912-13.*

13 AND 14.—INTEREST EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Interest on Debt other than that charged to Railways—						
Interest on total Debt—						
1. India . . ₹	4,77,45,440	4,84,98,139	4,81,21,945	4,94,50,000	4,94,00,000	5,10,50,000
£	3,183,029	3,233,209	3,208,130	3,296,600	3,293,300	3,403,400
2. England . £	5,286,565	5,519,190	5,781,552	6,032,700	6,022,700	6,171,700
Total .	8,469,594	8,752,399	8,989,682	9,329,300	9,316,000	9,575,100
Deduct amounts charged to—						
(*a*) Railways:						
(*i*) India . ₹	*4,14,25,434*	*4,22,83,760*	*4,30,61,629*	*4,58,09,000*	*4,56,15,000*	*4,86,94,000*
£	*2,761,696*	*2,818,917*	*2,870,775*	*3,053,900*	*3,041,000*	*3,246,300*
(*ii*) England £	*3,253,052*	*3,308,274*	*3,396,910*	*3,572,700*	*3,621,400*	*3,694,900*
Total Railways . £	*6,014,748*	*6,127,191*	*6,267,685*	*6,626,600*	*6,662,400*	*6,941,200*
(*b*) Irrigation:						
(*i*) India . ₹	*1,36,25,073*	*1,42,53,680*	*1,50,45,994*	*1,58,60,000*	*1,58,65,000*	*1,68,45,000*
£	*908,338*	*950,246*	*1,003,066*	*1,057,300*	*1,057,700*	*1,123,000*
(*ii*) England £	*108,989*	*108,465*	*112,344*	*112,300*	*116,600*	*118,500*
Total Irrigation £	*1,017,327*	*1,058,711*	*1,115,410*	*1,169,600*	*1,174,300*	*1,241,500*
Total deduction £	*7,032,075*	*7,185,902*	*7,383,095*	*7,796,200*	*7,836,700*	*8,182,700*
Interest on Ordinary Debt . . £	1,437,519	1,566,497	1,606,587	1,533,100	1,479,300	1,392,400
Distribution of above						
Imperial . £	1,221,576	1,345,455	1,406,157	1,345,400	1,283,100	1,186,300
Provincial . £	215,943	221,042	200,430	187,700	196,200	206,100
Interest on other Obligations—						
On Savings Bank Balances converted at ₹15 = £1 £	364,233	381,337	405,483	440,900	450,500	499,700
Other items . £	165,080	167,211	156,832	151,100	150,000	153,100
TOTAL £	529,313	548,548	562,315	592,000	600,500	652,800
GRAND TOTAL £	1,966,832	2,115,045	2,168,902	2,125,100	2,079,800	2,045,200
Debt outstanding, March 31—						
Sterling . . .	£ 166,973,369	£ 176,105,911	£ 182,998,335	£ 183,243,211	£ 183,077,235	£ 179,599,635
Rupee Debt— .	₹	₹	₹	₹	₹	₹
4 per cent . .	3,79,06,275	3,67,06,275	3,55,00,000	3,43,06,275	3,43,00,000	3,31,00,000
3½ per cent . .	1,19,49,77,500	1,22,60,40,100	1,24,84,19,400	1,27,05,05,100	1,26,88,82,400	1,29,97,39,400
3 per cent .	10,09,57,800	9,39,25,800	8,53,20,800	8,28,90,800	8,47,84,800	8,37,84,800
Other Debt . .	1,18,18,930	1,17,60,930	1,17,31,955	1,16,96,930	1,17,10,955	1,16,84,955
Savings Bank Balances	18,39,81,195	19,48,83,468	21,14,72,500	22,67,39,468	23,80,75,500	25,69,34,500

INTEREST ON ORDINARY DEBT

68. The expenditure in 1911-12 on account of Interest payable on the public debt as a whole falls short of the Budget estimate by ₹2 lakhs (£13,300). There is a decrease of ₹1·5 lakhs (£10,000) in England owing to a more favourable rate of discount on the renewal of India Bills and to a smaller sinking fund payment in respect of the new sterling loan raised in March 1911. A small decrease of ₹·5 lakh is also expected in India, a much larger saving in the provision for discount on the new rupee loan of the year being partly counterbalanced by an increased payment of arrears. In the Budget of 1912-13 necessary provision has been made for a full year's interest on the sterling loan of £3½ million issued in March 1911, as well as on the rupee loan of 2 crores raised in the current year; for the reduced payment of interest on India Bills and Railway debentures consequent on the contemplated discharge of the former, and the gradual reduction in the outstanding balances of the latter; and for the service of the new sterling and rupee loans which it is contemplated to raise in 1911-12. *Interest on debt, 1911-12.* *1912-13.*

69. The amount of interest transferred to the Railway and Irrigation sections of the accounts depends, firstly, on the capital expenditure; secondly, on the actual payment of interest on that portion of the debt which has been incurred specifically on account of the construction or purchase of railways or irrigation works; and thirdly, on the rate at which interest is charged on that portion of the debt which has not been specifically raised for the above purpose. Our practice is to adopt for this adjustment the average rate of interest actually paid in respect of the whole of the non-specific debt in the latest year for which the final accounts are available. The result is that the rate adopted in calculating the Revised estimate for a year is generally different from that used for the Budget estimate; and this leads to a difference between the two estimates apart from that caused by a variation in the capital expenditure itself. The increase of ₹6·07 lakhs (£40,500) in the Revised estimate of total interest to be transferred in 1911-12, as compared with the Budget, is due partly to an increase in the rate, and partly to an increase in the amount of funds supplied by Government for capital expenditure on State Railways (*vide* paragraph 161). The increase in the amount of interest to be transferred in 1912-13 over the Revised estimate for 1911-12 is almost wholly due to the progress of capital expenditure. *Transfers to Railway and Irrigation Accounts.*

70. A portion of the interest on Ordinary Debt appears in the Provincial section of the accounts. Provincial Governments are authorised to grant advances to cultivators (as well as to certain other people in special cases) under various Acts, to landholders and notabilities apart from the provisions of any law, and to municipalities and local bodies (other than Presidency Corporations), out of amounts annually placed at their disposal by the Government of India. The interest actually levied on such advances is credited as Provincial revenue. But interest at 3½ per cent. a year is charged to the Local Governments on the mean between the outstanding balances of the Provincial Loan Accounts at the commencement of the year and at its close; and this is done by transferring the amount so calculated from the Imperial to the Provincial section under Interest on Ordinary Debt. The differences between the Budget and the Revised estimates of the amount to be so transferred in the current year, and between the latter and the Budget estimate of 1911-12, are explained by the increases in the outstanding balances of the Provincial Loan Account as shown in the table at page 46, which are chiefly due to the enhanced demand for *takavi* in some of the provinces caused by the threatened or actual failure of the monsoon. *Transfers to Provincial.*

INTEREST ON OTHER OBLIGATIONS.

71. The increase of ₹1·27 lakhs (£8,500) in the Revised estimate of the current year over the Budget provision occurs wholly in the interest payable by the Post Office Savings Banks, the deposits in which have grown more largely than was anticipated (*vide* paragraph 252). In 1912-13 provision has been made for a further increase in the interest payable on the deposits in the Post Office Savings Banks and in the State Provident Funds, consequent on a growth in the deposits themselves. *Revised, 1911-12.* *Budget, 1912-13.*

XIII AND 15.—POST OFFICE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
REVENUE.						
INDIA.						
1. Sale of postage stamps for postal purposes . .	2,25,24,263	2,39,68,280	2,47,43,396	2,66,25,000	2,63,80,000	2,76,09,000
2. Commission on money orders .	46,61,119	47,61,044	50,06,943	52,10,000	52,30,000	54,50,000
3. Other receipts . .	1,98,918	1,79,107	2,03,497	2,07,000	2,26,000	2,25,000
TOTAL . ₹	2,73,84,300	2,89,08,431	2,99,53,836	3,20,42,000	3,18,36,000	3,32,84,000
Equivalent in Sterling £	1,825,620	1,927,229	1,996,922	2,136,100	2,122,400	2,218,900
EXPENDITURE.						
INDIA.						
1. Establishment charges	1,90,79,541	1,93,66,086	1,98,16,325	2,05,35,000	2,09,38,000	2,07,47,000
2. Conveyance of mails	66,21,971	66,12,372	64,94,536	69,11,000	67,80,000	71,47,000
3. Stationery and Printing . . .	10,82,411	12,09,062	11,63,774	10,82,000	9,67,000	9,86,000
4. Cost of stamps and stamp paper . .	8,30,657	8,36,339	8,71,622	9,09,000	9,67,000	9,45,000
5. Other items . .	14,889	59,967	60,721	59,000	84,000	94,000
TOTAL . ₹	2,76,29,469	2,80,83,826	2,84,06,978	2,94,96,000	2,97,36,000	2,99,19,000
Equivalent in Sterling £	1,841,964	1,872,255	1,893,798	1,966,400	1,982,400	1,994,600
ENGLAND.						
1. Contribution to Eastern mail subsidy .	54,588	54,588	54,588	54,600	54,600	54,600
2. Stores, etc. . .	201	739	2,506	...	300	...
TOTAL . £	54,789	55,327	57,094	54,600	54,900	54,600
TOTAL OF EXPENDITURE . £	1,896,753	1,927,582	1,950,892	2,021,000	2,037,300	2,049,200
TOTAL NET REVENUE £	—71,133	—353	46,030	115,100	85,100	169,700

REVENUE.

Revised, 1911-12.

72. The allowance made in the Budget estimate for the current year for growth in postal revenue has proved somewhat sanguine and the Revised estimate is taken at ₹2·06 lakhs less than the Budget. In the Budget of next year, provision has been made for a further moderate advance of ₹14·48 lakhs.

EXPENDITURE.

Budget, 1912-13.

73. The expenditure in 1911-12 is likely to exceed the Budget grant by ₹2·45 lakhs. The excess is wholly due to the payment of Royal bonus to the extent of ₹5·49 lakhs; and but for this special payment there would have been a saving in the Budget provision caused partly by a decrease in the stationery and printing charges, and partly by ordinary lapses in grants. The Budget estimate for 1912-13 exceeds the Revised for the current year by ₹1·78 lakhs only, the provision made for the normal development of the operations of the Department being obscured to some extent by the absence of the special expenditure incurred in the current year on the Royal bonus and on grain compensation allowance.

XIV AND 16.—TELEGRAPH.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
REVENUE.						
I. INDIAN:						
1. Message Revenue	98,65,661	83,82,222	93,58,253	98,85,000	1,03,29,000	1,03,40,000
2. Other Revenue .	32,94,120	33,27,074	33,46,165	34,35,000	34,60,000	35,35,000
TOTAL . ₹	1,31,59,781	1,17,09,296	1,27,04,418	1,33,20,000	1,37,89,000	1,38,75,000
TOTAL . £	877,319	780,620	846,961	888,000	919,300	925,000
II. INDO-EUROPEAN:						
1. Message Revenue	13,93,740	17,52,281	21,66,925	22,90,000	21,13,000	20,00,000
2. Other Revenue .	15,538	18,278	20,984	19,000	19,000	19,000
TOTAL . ₹	14,09,278	17,70,559	21,87,909	23,09,000	21,32,000	20,19,000
TOTAL . £	93,952	118,037	145,861	153,900	142,100	134,600
England (mainly Message Revenue). £	6,826	4,194	4,337	4,500	5,000	5,500
TOTAL £	100,778	122,231	150,198	158,400	147,100	140,100
GRAND TOTAL £	978,097	902,851	997,159	1,046,400	1,066,400	1,065,100
EXPENDITURE.						
I. INDIAN:						
1. Revenue . £	742,338	766,597	748,976	832,600	802,500	835,300
2. Capital . £	195,140	150,770	128,907	143,500	205,500	132,000
TOTAL . £	937,478	917,367	877,883	976,100	1,008,000	967,300
II. INDO-EUROPEAN:						
1. Revenue . £	80,534	72,945	99,246	106,800	108,600	114,700
2. Capital . £	1,047	2,121	—297	10,700	300	12,500
TOTAL £	81,581	75,066	98,949	117,500	108,900	127,200
III. Other charges. £	9,014	...	...	...	...	...
GRAND TOTAL £	1,028,073	992,433	976,832	1,093,600	1,116,900	1,094,500
TOTAL NET REVENUE £	—49,976	—89,582	20,327	—47,200	—50,500	—29,400

REVENUE.

(*a*) *Indian.*

74. The Revised estimate for the current year exceeds the Budget by ₹4·69 lakhs. The bulk of the improvement is expected in the message revenue and is attributed to the special traffic in connection with the Royal visit and the Coronation Durbar, labour troubles in England, and the political events in Europe. The Budget estimate for 1912-13 is taken at only ₹·86 lakh higher than the Revised for 1911-12. It has not been considered prudent, in view of the abnormal growth of revenue in the current year, to provide for a further material advance next year. *Revised, 1911-12.* *Budget, 1912-13.*

(*b*) *Indo-European.*

75. The decrease in the Revised estimate of the current year as compared with the Budget, and the further decline anticipated in the Budget estimate of next year, are due to the disturbed conditions prevailing in Persia.

EXPENDITURE.

(*a*) *Indian.*

Revised, 1911-12.

76. The total expenditure in the current year is expected to exceed the Budget grant by ₹4·79 lakhs (£31,900). There is a saving of ₹4·51 lakhs (£30,100) in the revenue expenditure due mainly to an over-estimate of salaries and smaller outlay on line repairs. But this is more than counterbalanced by an increase of ₹9·30 lakhs (£62,000) in the capital expenditure caused by the installation and equipment of radio offices at Bombay, Karachi, Nagpur and Lahore, by large arrear payments in England in connection with the purchase of stores; and by enhanced demands for stores.

Budget, 1912-13.

77. The Budget estimate for 1912-13 is taken at ₹6·10 lakhs (£40,700) less than the Revised for 1911-12. There is an increase of ₹4·92 lakhs (£32,800) in the revenue expenditure owing chiefly to full provision for sanctioned establishments, higher working expenses resulting from the growth in traffic, and an extended programme of line repairs. But, on the other hand, there is a large decrease of ₹11·02 lakhs (£73,500) in the capital grant owing to a reduction in the requirements of the radio offices and in the demands for stores.

(*b*) *Indo-European.*

Revised, 1911-12.

78. The total expenditure in the current year falls short of the Budget by ₹1·29 lakhs (£8,600). There is a lapse of ₹1·56 lakhs (£10,400) in the capital grant owing to the postponement for another year of the reconstruction of the Arabistan telegraph line and work on certain buildings in Persia. But a small excess of ₹·27 lakh is expected in the revenue expenditure, a saving of ₹1·06 lakhs under working expenses and repairs of cables being more than counterbalanced by an increase of ₹1·33 lakhs in the net payment in England in connection with the Joint Purse arrangement.

Budget, 1912-13.

79. The Budget estimate for 1912-13 provides for capital outlay on the construction works postponed in the current year and on certain other new works, for increased expenditure on repairs to cables and for a small increase in working expenses.

XV AND 17.—MINT.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
REVENUE.						
INDIA.						
1. Percentage chargeable on coinage of new rupees . .	1,178	...	...	...	...	...
2. Profit on circulation of—						
(*a*) Nickel coins .	11,11,336	14,38,629	19,82,089	18,00,000	23,00,000	20,00,000
(*b*) Bronze coins .	...	...	5,36,738	10,00,000	6,50,000	5,00,000
3. Fees for coining dollars, etc. .	3,13,117	3,16,019	3,28,591	1,00,000	17,50,000	5,00,000
4. Other items . .	1,14,177	1,34,645	94,235	78,000	4,13,000	86,000
TOTAL . ₹	15,39,808	18,89,293	29,41,653	29,78,000	51,13,000	30,86,000
TOTAL . £	102,654	125,953	196,110	198,500	340,900	205,700
England . £	...	...	...	...	100	...
TOTAL £	102,654	125,953	196,110	198,500	341,000	205,700
EXPENDITURE.						
INDIA.						
1. Establishment charges . .	7,13,287	6,69,379	6,91,459	7,23,000	8,05,000	7,54,000
2. Purchase of stores.	1,52,903	77,055	1,11,278	1,55,000	2,14,000	1,45,000
3. Loss on Bronze coinage . .	10,71,184	7,42,899	...	...	...	...
4. Loss on re-coining old silver coins .	4,00,913	3,63,894	4,08,345	4,30,000	4,06,000	4,50,000
5. Other coinage losses	83,702	82,197	93,591	18,000	2,31,000	66,000
TOTAL . ₹	24,21,989	19,35,424	13,04,673	13,26,000	16,56,000	14,15,000
TOTAL . £	161,466	129,028	86,978	88,400	110,400	94,300
England . £	30,663	14,730	5,391	5,400	5,200	7,100
TOTAL £	192,129	143,758	92,369	93,800	115,600	101,400
TOTAL NET REVENUE £	—89,475	—17,805	103,741	104,700	225,400	104,300

REVENUE.

80. The Revised estimate for 1911-12 exceeds the Budget by ₹21·37 lakhs. There is an important rise of ₹16·5 lakhs in the fees for coining British dollars for which there has been a large demand in consequence of the troubles in China. An increase of ₹1·5 lakhs is also anticipated in the profit on the circulation of subsidiary nickel and bronze coins; while about ₹2·5 lakhs will be obtained from the sale of Coronation medallions for school children to local Governments and private individuals. *Revised, 1911-12.*

81. The Budget for 1912-13 is taken at ₹20·29 lakhs less than the Revised estimate for the current year. The decrease is due to a reduction of ₹12·5 lakhs in the fees for coining British dollars, the demand for which in China is expected to fall off on the establishment of settled conditions, to a moderate provision for profit on the circulation of subsidiary nickel and bronze coins, and to the absence of the special receipts realised in the current year from the sale of Coronation medallions. *Budget, 1912-13.*

EXPENDITURE.

82. The excess of ₹3·27 lakhs in the expenditure in the current year over the Budget estimate arises mainly in connection with the heavy coinage of British dollars and the manufacture of Coronation medal and medallions. The reduced provision in the Budget estimate for next year has been made with reference to normal operations and an expected falling-off in the demand for dollars. *Revised, 1911-12.* *Budget, 1912-13.*

18.—GENERAL ADMINISTRATION.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
INDIA.						
Imperial.	₹	₹	₹	₹	₹	₹
1. Cost of the Central Government:						
(i) Salary and expenses of the Governor-General .	11,08,957	10,62,546	11,78,964	10,88,000	12,71,000	11,66,000
(ii) Executive Council .	4,84,590	4,31,088	4,19,420	4,67,000	4,67,000	4,67,000
(iii) Legislative Council .	1,13,326	96,876	1,39,493	1,52,000	1,31,000	1,52,000
(iv) Charges of the Secretariats	34,64,066	33,17,664	35,34,858	34,94,000	35,74,000	33,07,000
(v) Cost of administration of the Imperial headquarters at Delhi .	...	...	...	...	...	5,00,000
2. Offices of Account and Audit . .	27,85,580	28,91,989	28,28,318	40,85,000	38,72,000	38,61,000
3. Currency Department and Reserve Treasury . . .	5,65,157	5,76,074	6,07,769	6,08,000	6,45,000	6,57,000
4. Payments to Presidency Banks for treasury and public debt work . .	3,39,630	3,40,735	3,49,250	3,54,000	3,54,000	3,57,000
5. Ajmer-Merwara Administration . .	2,119	3,527	1,972	2,000	2,000	2,000
6. Royal visit and Coronation Durbar	...	...	1,64,454	91,50,000	69,60,000	...
7. North-West Frontier Administration .	3,13,660	3,13,473	3,17,266	3,43,000	3,19,000	3,47,000
Total .	91,77,085	90,33,972	95,41,764	1,97,43,000	1,75,95,000	1,08,16,000
Provincial.						
1. Central Provinces .	8,18,364	8,42,364	8,93,760	9,80,000	10,65,000	8,94,000
2. Burma . . .	13,88,608	14,27,642	14,83,411	16,35,000	18,74,000	15,43,000
3. Assam . .	...	...	...	...	...	5,70,000
4. Bengal (new) . .	...	...	...	...	...	22,00,000
5. Behar . . .	...	...	...	...	...	12,65,000
6. United Provinces .	17,43,824	16,29,833	18,22,599	19,16,000	19,72,000	17,16,000
7. Punjab . . .	10,58,945	10,52,403	11,32,920	12,18,000	13,50,000	11,69,000
8. Madras . . .	11,50,585	12,09,190	12,55,461	15,38,000	18,50,000	13,11,000
9. Bombay . .	16,06,731	16,13,289	17,19,693	19,27,000	28,25,000	18,31,000
Eastern Bengal and Assam . .	12,70,049	12,32,564	12,73,699	15,93,000	17,46,000	...
Bengal (old) . .	19,06,794	19,01,892	19,91,451	24,24,000	28,54,000	...
Total .	1,09,43,900	1,09,09,177	1,15,72,994	1,32,31,000	1,55,36,000	1,24,99,000
TOTAL INDIA .	2,01,20,985	1,99,43,149	2,11,14,758	3,29,74,000	3,31,31,000	2,33,15,000
	£	£	£		£	£
Equivalent in Sterling .	1,341,399	1,329,543	1,407,651	2,198,300	2,208,700	1,554,300
ENGLAND.						
1. Cost of the Secretary of State's establishment, etc. .	269,264	265,546	275,777	263,100	264,000	260,700
2. Stores, etc., for India .	84,170	60,690	72,832	115,800	117,500	89,000
3. Royal visit and Coronation Durbar	...	...	...	...	61,700	...
TOTAL £	353,434	326,236	348,609	378,900	443,200	349,700
GRAND TOTAL £	1,694,833	1,655,779	1,756,260	2,577,200	2,651,900	1,904,000

83. The cost of the Civil offices of Account and Audit is Imperial in all the provinces with the exception of the charges of the staff employed in auditing the accounts of municipalities and other local bodies; so is the expenditure of the Currency Department, as well as the payments made to the Presidency Banks for treasury work and for the management of the public debt.

(*a*) *India—Imperial.*

Revised, 1911-12.

84. The total expenditure in 1911-12 is expected to fall short of the Budget grant by ₹21·48 lakhs. There will be a saving of ₹21·90 lakhs in the lump provision made for net expenditure in connection with the Royal visit and the Coronation Durbar. This was taken at ₹91·50 lakhs; but the actual allotments did not exceed ₹86 lakhs and the outlay to be recorded in the Imperial section of the accounts will, according to present calculations, amount to ₹69·60 lakhs only, besides ₹1·64 lakhs spent in 1910-11. The expenditure falls mainly under four heads, *viz.*:—

[Lakhs of Rupees.

	Outlay.	Recoveries.	Net expenditure.
(*i*) Coronation Durbar . .	57·29*	18·57	38·72
(*ii*) Imperial Camps at Delhi .	25·21	2·97	22·24
(*iii*) Royal tour inclusive of the Queen-Empress' visit to Rajputana . . .	6·46	·02	6·44
(*iv*) Cost of medals, local celebrations, etc.	2·20	...	2·20
	91·16	21·56	69·60

* Exclusive of ₹1·64 lakhs incurred in 1910-11.

85. The only important variations between the Budget and Revised estimates of ordinary expenditure consist of: (*a*) an excess of ₹1·83 lakhs over the grant for the salary and expenses of the Governor General caused by higher tour charges; and (*b*) a lapse of ₹2·13 lakhs in the grant for the offices of account and audit. The bulk of the latter saving is nominal and is caused by the record under the head "41—Miscellaneous Railway Expenditure" of the charges of the Accountant General, Railways, for which budget provision was made under this head. The increase of ₹·80 lakh in the charges of the Secretariats is mainly due to the employment of additional officers in connection with the Coronation Durbar and other special work.

Budget, 1912-13.

86. The Budget grant for 1912-13 is ₹67·79 lakhs less than the Revised estimate for 1911-12. Allowing for the absence of the special outlay in the current year on account of the Royal visit and the Coronation Durbar, there is thus a growth of ordinary expenditure to the extent of ₹1·81 lakhs. There is an important decrease of (*a*) ₹2·67 lakhs in the charges of the Secretariats owing to the absence of provision for additional officers on special duty and to a reduction in hill journey charges caused by the transfer of the seat of Government to Delhi; and (*b*) ₹1·05 lakhs in the salary and other expenses of the Governor General owing to a normal provision for tour charges. But these are more than counterbalanced by a lump allotment of ₹5 lakhs for the recurring expenditure on the administration of the new Imperial capital at Delhi.

(*b*) *India—Provincial.*

Revised, 1911-12.

87. The total Revised estimate for 1911-12 exceeds the Budget by ₹23·05 lakhs. An excess of ₹23·23 lakhs occurs in the expenditure connected with the Royal visit and the Coronation Durbar, the details of which are given below :—

Province.		Expenditure on.			Total.
		Camps at the Delhi Durbar.	Royal tour.	Other items.	
1	2	3	4	5	6
1. Central Provinces . . .	1·00	1·40	...	·49	1·89
2. Burma	1·23	3·15	...	·68	3·83
3. Eastern Bengal and Assam	2·50	3·49	...	·32	3·81
4. Bengal	3·00	3·97	3·17	·23	7·37
5. United Provinces . . .	1·85	1·98	...	·78	2·76
6. Punjab	·80	2·27	...	·11	2·38
7. Madras	2·50	4·55	...	·72	5·27
8. Bombay	2·00	5·71	3·43	1·66	10·80
Total .	14·88	26·52	6·60	4·99	38·11

The figure shown against Bombay in column 3 includes ₹·52 lakh on account of the charges connected with the Aden Camp at Delhi, to cover which a special Imperial assignment has been given. The figures in column 4 represent mainly expenditure in connection with the reception and stay of Their Imperial Majesties in Bombay and Calcutta, while the outlay entered in column 5 is chiefly in connection with the illumination of buildings and other local celebrations and the payment of the debts of certain civil prisoners. Imperial assignments aggregating ₹3·16 lakhs have been given to meet a portion of the expenditure shown in columns 4 and 5.

88. The variations between the Budget and Revised estimates of ordinary expenditure in the several provinces are unimportant and call for no remark.

Budget, 1912-13.

89. The total Budget grant for 1912-13 exceeds the Revised estimate of ordinary expenditure in 1911-12 (*i.e.*, exclusive of the special outlay of ₹38·11 lakhs in connection with the Royal visit and the Coronation Durbar) by ₹7·74 lakhs. The cost of the central Government in the three new provinces of Assam, Bengal and Behar will exceed the corresponding expenditure in the two existing provinces by ₹5·53 lakhs. The balance of the increase results from a number of unimportant variations in the other provinces.

(*c*) *England.*

Revised, 1911-12.
Budget, 1912-13.

90. The excess of £64,300 over the Budget grant for the current year is almost wholly due to the cost of an addition to the regalia made in connection with the Coronation Durbar. The absence of this special expenditure and provision for a normal outlay on currency note forms account chiefly for the decrease of £93,500 in the Budget estimate for next year as compared with the Revised for 1911-12.

XVI A and 19 A.—LAW AND JUSTICE—COURTS OF LAW.

EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General .	3,06,141	3,38,868	3,27,377	3,30,000	3,27,000	3,24,000
2. Baluchistan . .	35,928	27,965	25,940	19,000	22,000	20,000
3. North-West Frontier	5,42,005	5,52,444	5,70,203	5,67,000	6,11,000	6,34,000
Total .	8,84,074	9,19,277	9,23,520	9,16,000	9,60,000	9,78,000
Provincial.						
1. Central Provinces .	25,10,402	24,75,896	25,05,636	25,80,000	25,21,000	26,02,000
2. Burma . .	43,90,265	45,35,553	47,51,224	48,21,000	47,27,000	48,68,000
3. Assam . .	...	...	...	...	...	8,35,000
4. Bengal (new) . .	...	...	...	...	...	98,39,000
5. Behar . .	...	...	...	...	...	31,19,000
6. United Provinces .	60,18,614	59,05,155	60,05,317	62,19,000	61,80,000	61,27,000
7. Punjab . . .	37,49,229	38,06,523	40,93,760	41,17,000	41,90,000	42,68,000
8. Madras . . .	56,01,900	56,99,101	59,22,747	61,36,000	61,78,000	63,36,000
9. Bombay . .	52,80,586	52,61,867	54,54,392	54,59,000	55,63,000	56,60,000
Eastern Bengal and Assam .	44,85,535	44,68,912	47,37,231	48,33,000	49,91,000	...
Bengal (old) . .	83,75,876	82,75,098	85,91,040	87,34,000	88,50,000	...
Total .	4,04,12,407	4,04,28,105	4,20,61,347	4,28,99,000	4,32,00,000	4,36,54,000
TOTAL INDIA . R	4,12,96,481	4,13,47,382	4,29,84,867	4,38,15,000	4,41,60,000	4,46,32,000
Equivalent in Sterling £	2,753,099	2,756,492	2,865,658	2,921,000	2,944,000	2,975,500
England . . . £	488	257	1,372	5,000	3,500	1,600
TOTAL . £	2,753,587	2,756,749	2,867,030	2,926,000	2,947,500	2,977,100

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General .	1,29,084	1,34,338	1,14,414	1,41,000	1,70,000	1,18,000
2. Baluchistan .	19,009	22,117	26,784	23,000	23,000	23,000
3. North-West Frontier	92,771	1,02,499	1,21,617	1,03,000	1,14,000	1,16,000
Total .	2,40,864	2,58,954	2,62,815	2,67,000	3,07,000	2,57,000
Provincial.						
1. Central Provinces .	1,98,857	2,21,084	2,19,404	2,14,000	2,10,000	2,14,000
2. Burma . . .	4,64,220	4,66,537	4,36,046	4,65,000	5,32,000	5,40,000
3. Assam . . .	...	...	...	...	...	1,25,000
4. Bengal (new) .	...	...	...	...	...	7,25,000
5. Behar . .	...	...	...	...	...	2,75,000
6. United Provinces .	5,24,251	6,01,793	6,15,943	5,94,000	6,34,000	6,34,000
7. Punjab . . .	4,02,269	4,06,377	4,35,651	4,25,000	4,38,000	4,38,000
8. Madras . . .	7,69,646	8,44,767	9,44,878	9,00,000	9,23,000	9,62,000
9. Bombay . .	5,89,301	5,98,944	6,07,512	6,10,000	6,30,000	6,55,000
Eastern Bengal and Assam . .	3,72,878	4,00,907	4,43,257	4,54,000	4,54,000	...
Bengal (old) .	6,39,469	6,00,716	6,94,441	6,15,000	7,00,000	...
Total .	39,60,891	41,41,125	43,97,132	42,77,000	45,21,000	45,68,000
TOTAL R	42,01,755	44,00,079	46,59,947	45,44,000	48,28,000	48,25,600
Equivalent in Sterling £	280,117	293,339	310,663	302,900	321,900	321,700

EXPENDITURE.

(*a*) *Imperial.*

91. The increase in expenditure in the North-West Frontier Province in the current year over the Budget estimate and the further growth provided for in next year's Budget is mainly due to the recent reorganisation of the Indian Political Department. Otherwise the figures show little variation and call for no remark.

(*b*) *Provincial.*

Revised, 1911-12.

92. The total Revised estimate for 1911-12 exceeds the Budget by R3·01 lakhs. A sum of R3·59 lakhs will be spent on the payment of the Royal bonus, the total ordinary expenditure thus falling short of the Budget estimate by R·58 lakh. Lapses in the ordinary grants are expected in the Central Provinces, Burma, the United Provinces and Madras. But on the other hand there will be an excess in the two Bengals in consequence of the payment of fees to lawyers in connection with the prosecution of special crime; in Bombay, due chiefly to the grant of grain compensation and to larger expenditure on account of fees to pleaders in criminal cases in the mofussil; and in the Punjab owing mainly to inadequate provision on account of salaries and leave allowances.

Budget, 1912-13.

93. The total Budget for 1912-13 is R4·54 lakhs higher than the Revised estimate for 1911-12; and if allowance is made for the absence of the expenditure on the Royal bonus aggregating R3·59 lakhs included in the former, the true excess amounts to R8·13 lakhs. The increase is shared by all the provinces and is partly due to provision being made for sanctioned establishments and for the normal growth of expenditure under the head. Special provision has been made in several provinces for the share of increased expenditure thrown under this head by some of the schemes mentioned in paragraph 20; in Madras for two additional judges for the High Court and for the re-grading of the pay of District Munsiffs; in Bombay for the introduction of increased rates of diet and road expenses of witnesses summoned before criminal courts in the Presidency proper and for the revision of subordinate judicial establishments; in the Punjab for the reorganisation of the Judicial branch of the Indian Civil Service; in Bengal for increasing the retaining fees of Government pleaders in the mofussil; and in the Central Provinces for the revision of the process-serving establishment. The provision in Bengal for the payment of fees to lawyers in criminal cases has been fixed on the basis of normal expenditure, and is about R4 lakhs less than the similar provision in the Revised estimate for the current year.

REVENUE.

(*a*) *Imperial.*

94. The figures do not show any important variations and call for no remark.

(*b*) *Provincial.*

Revised, 1911-12.

95. There is an increase of R2·44 lakhs over the total Budget estimate in the current year, chiefly under court-fees realised in cash in Bengal and copying fees similarly realised in Burma where the system of recovering such fees in cash instead of by means of copy stamps was introduced during the course of the year. The Budget for 1912-13 provides for normal receipts in all the provinces.

Budget, 1912-13.

XVI B and 19 B.—LAW AND JUSTICE—JAILS.

EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	19,27,928	16,73,617	17,25,414	17,78,000	16,24,000	17,34,000
2. Baluchistan	27,202	30,516	32,049	30,000	31,000	31,000
3. North-West Frontier	1,35,681	1,25,123	1,31,858	1,37,000	1,50,000	1,49,000
Total	20,90,811	18,29,256	18,89,321	19,45,000	18,05,000	19,14,000
Provincial.						
1. Central Provinces	5,86,090	6,14,104	5,67,818	5,82,000	5,58,000	5,75,000
2. Burma	12,83,422	12,31,706	13,37,102	12,91,000	13,33,000	13,84,000
3. Assam	...	...	...	...	...	2,69,000
4. Bengal (new)	...	...	..	...	...	20,74,000
5. Behar	...	...	...	...	...	13,34,000
6. United Provinces	24,12,421	20,69,685	19,09,412	20,04,000	19,05,000	19,44,000
7. Punjab	12,34,169	11,06,045	11,09,187	11,35,000	11,84,000	11,90,000
8. Madras	15,13,084	14,86,801	15,09,425	15,12,000	14,67,000	15,00,000
9. Bombay	9,92,226	10,04,522	10,98,691	10,77,000	11,40,000	11,54,000
Eastern Bengal and Assam	11,12,291	9,24,423	9,73,988	10,61,000	10,67,000	...
Bengal (old)	27,70,423	25,29,720	23,73,312	27,09,000	24,80,000	...
Total	1,19,04,126	1,09,67,006	1,08,78,935	1,13,71,000	1,11,34,000	1,14,24,000
TOTAL INDIA . R	1,39,94,937	1,27,96,262	1,27,68,256	1,33,16,000	1,29,39,000	1,33,38,000
Equivalent in Sterling £	932,996	853,084	851,217	887,700	862,600	889,200
England . . £	...	...	...	...	...	...
TOTAL . £	932,996	853,084	851,217	887,700	862,600	889,200

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	2,88,376	2,80,341	3,26,914	3,14,000	3,40,000	3,43,000
2. Baluchistan	695	910	723	1,000	1,000	1,000
3. North-West Frontier	20,307	17,679	22,978	21,000	24,000	24,000
Total	3,09,378	2,98,930	3,50,615	3,36,000	3,65,000	3,68,000
Provincial.						
1. Central Provinces	2,16,060	2,55,980	1,99,821	2,27,000	2,40,000	2,30,000
2. Burma	4,15,792	4,03,812	3,95,279	4,00,000	4,23,000	4,08,000
3. Assam	...	...	...	...	...	1,05,000
4. Bengal (new)	...	...	...	...	...	6,89,000
5. Behar	...	...	...	...	...	5,00,000
6. United Provinces	3,77,098	3,41,367	3,38,884	3,71,000	3,45,000	3,50,000
7. Punjab	2,00,197	2,54,384	2,82,194	2,64,000	3,35,000	3,43,000
8. Madras	6,16,288	5,05,999	5,50,962	4,80,000	5,00,000	5,00,000
9. Bombay	2,17,461	1,88,536	2,29,460	2,40,000	2,40,000	2,49,000
Eastern Bengal and Assam	4,19,947	3,44,203	2,77,259	3,68,000	2,87,000	...
Bengal (old)	9,21,281	8,59,113	9,42,393	9,14,000	8,88,000	...
Total	33,84,124	31,53,394	32,16,252	32,64,000	32,58,000	33,74,000
TOTAL R	36,93,502	34,52,324	35,66,867	36,00,000	36,23,000	37,42,000
Equivalent in Sterling £	246,234	230,155	237,791	240,000	241,500	249,500

EXPENDITURE.

(*a*) *Imperial.*

Revised, 1911-12. 96. The saving of R1·40 lakhs in the Budget provision for 1911-12 is caused mainly by a lapse in the grant for the convict charges at Port Blair, which contribute the bulk of the expenditure shown against "India General." In 1912-13 provision has been made for a normal scale of expenditure on sanc-
Budget, 1912-13. tioned establishments.

(*b*) *Provincial.*

Revised, 1911-12. 97. The total Revised for 1911-12 is R2·37 lakhs less than the Budget estimate. Nearly the whole of the decrease occurs in Bengal (R2·29 lakhs) and is caused mainly by savings in dietary charges consequent on a fall in prices. The estimates for 1912-13 are generally based on the sanctioned scale of establish-
Budget, 1912-13. ments, the probable jail population, the cost of dietary and the requirements for raw materials.

REVENUE.

(*a*) *Imperial.*

Revised, 1911-12. 98. The small increase anticipated in the revenue in the current year over the Budget estimate occurs in the receipts of the convict settlement at Port Blair. The Budget estimate for 1912-13 practically repeats the Revised for
Budget, 1912-13. 1911-12.

(*b*) *Provincial.*

Revised, 1911-12. 99. There is no important variation between the Budget and Revised estimates of the current year. The Budget estimate for 1912-13 exceeds the
Budget, 1912-13. Revised for 1911-12 by R1·16 lakhs, nearly the whole of the improvement being expected in the sale proceeds of jail manufactures in Bengal and Behar.

XVII AND 20.—POLICE.

EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	8,70,051	9,24,880	8,44,699	8,96,000	9,32,000	9,37,000
2. Baluchistan	4,10,383	4,16,376	4,09,057	5,37,000	4,18,000	5,09,000
3. North-West Frontier	15,03,365	15,42,553	15,59,953	17,08,000	16,01,000	16,25,000
Total	27,83,799	28,83,809	28,13,709	31,41,000	29,51,000	30,71,000
Provincial.						
1. Central Provinces	32,28,761	31,05,058	32,06,136	32,80,000	33,50,000	33,00,000
2. Burma	1,19,27,176	1,17,84,022	1,20,98,874	1,23,80,000	1,27,13,000	1,26,63,000
3. Assam	...	...	...	...	...	22,27,000
4. Bengal (new)	...	...	...	...	...	90,00,000
5. Behar	...	...	...	...	...	40,89,000
6. United Provinces	1,00,94,764	1,02,13,040	1,03,31,881	1,11,81,000	1,11,50,000	1,12,17,000
7. Punjab	55,04,576	53,51,066	56,50,190	62,35,000	58,27,000	58,06,000
8. Madras	73,72,784	74,13,011	80,45,389	86,39,000	83,40,000	82,91,000
9. Bombay	89,37,093	93,10,472	94,80,081	1,00,73,000	1,00,98,000	1,02,26,000
Eastern Bengal and Assam	50,41,025	50,81,804	53,00,014	60,46,000	57,51,000	...
Bengal (old)	80,25,874	81,57,764	83,16,042	85,97,000	86,34,000	...
Total	6,01,32,053	6,04,16,237	6,24,28,607	6,64,31,000	6,58,63,000	6,68,21,000
TOTAL INDIA . R	6,29,15,852	6,33,00,046	6,52,42,316	6,95,72,000	6,88,14,000	6,98,92,000
Equivalent in Sterling £	4,194,390	4,220,003	4,349,488	4,638,100	4,587,600	4,659,500
England . . £	1,832	2,303	2,124	2,000	1,700	1,500
TOTAL . £	4,196,222	4,222,306	4,351,612	4,640,100	4,589,300	4,661,000

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	42,597	46,888	22,300	15,000	16,000	14,000
2. Baluchistan	...	...	36,704	28,000	13,000	11,000
3. North-West Frontier	70,893	82,029	1,11,774	81,000	23,000	24,000
Total	1,13,490	1,28,917	1,70,778	1,24,000	52,000	49,000
Provincial.						
1. Central Provinces	23,299	25,335	34,341	30,000	31,000	29,000
2. Burma	2,26,996	2,05,720	2,23,409	2,15,000	2,60,000	2,37,000
3 Assam	...	...	...	...	...	1,06,000
4. Bengal (new)	...	...	...	...	...	2,00,000
5. Behar	...	...	...	...	...	38,000
6. United Provinces	86,551	92,183	91,288	93,000	92,000	1,01,000
7. Punjab	5,77,975	5,69,311	5,80,991	5,61,000	1,68,000	1,56,000
8. Madras	5,92,474	4,91,735	4,64,526	4,80,000	4,62,000	4,66,000
9. Bombay	3,93,799	3,95,538	3,88,422	4,53,000	4,00,000	2,31,000
Eastern Bengal and Assam	1,76,356	1,35,571	1,89,807	1,36,000	1,65,000	...
Bengal (old)	1,80,904	1,89,940	1,87,030	1,74,000	1,55,000	...
Total	22,58,354	21,05,333	21,59,814	21,42,000	17,33,000	15,64,000
TOTAL . R	23,71,844	22,34,250	23,30,592	22,66,000	17,85,000	16,13,000
Equivalent in Sterling £	158,123	148,950	155,373	151,100	119,000	107,500

EXPENDITURE.

(*a*) *Imperial.*

Revised, 1911-12. 100. The Revised estimate for the current year is ₹1·90 lakhs less than the Budget. Of the decrease, ₹·73 lakh is accounted for by the lump provision made in the Budget for relieving municipalities in Baluchistan and the North-West Frontier Province of all police expenditure hitherto incurred by them. The effect of the measure in these two tracts has been a loss of revenue and not an increase of expenditure and the result is a saving in the Budget estimate of expenditure and a reduction in the Budget of receipts. The balance of the decrease in expenditure is chiefly due to the non-utilisation of the provision for further police reforms in Baluchistan and to lapses in ordinary grants. In the Budget estimate for 1912-13 provision *Budget, 1912-13.* has been made for the full sanctioned strength of the forces in the various minor provinces, etc., and for the introduction of a further instalment of reforms in Baluchistan and in the Central India Agency.

(*b*) *Provincial.*

Revised, 1911-12. 101. The Revised estimate for 1911-12 falls short of the Budget by ₹5·68 lakhs in spite of an expenditure of ₹12·73 lakhs on the payment of the Royal bonus, the total lapse in the Budget grant thus amounting to ₹18·41 lakhs. Of this saving ₹5·20 lakhs occur in the Punjab and are almost wholly explained by the non-utilisation of the provision for relieving municipalities of all police expenditure hitherto incurred by them—the effect of the measure in this province also being a loss of revenue and not an increase of expenditure. The balance of the saving, *viz.*, ₹13·21 lakhs, is distributed over the other provinces with the exception of Burma and the Central Provinces. It is due to the partial utilisation of various lump provisions made in the Budget for the introduction of re-organisation schemes and further instalments of measures of police reform, as well as to lapses in ordinary grants arising from short strength of police force, reduced payment of grain compensation allowance, and other causes. Burma is the only province where any considerable excess over the Budget grant would have occurred even without the payment of the Royal bonus, owing to the employment of military police in connection with certain frontier missions.

Budget, 1912-13. 102. The Budget estimate for 1912-13 exceeds the Revised estimate of ordinary expenditure (*i.e*, exclusive of payments of Royal bonus aggregating ₹12·73 lakhs) in 1911-12 by ₹22·31 lakhs. The increase is shared by all the provinces and is generally due to provision for the full cost of the reforms introduced during the current year as well as for the introduction of further reform measures.

REVENUE.

Revised, 1911-12. 103. The decrease in the Imperial as well as in the Provincial receipts in 1911-12 as compared with the Budget estimate is mainly due to the loss of revenue arising from the remission of contributions paid by municipalities in the Punjab, North-West Frontier Province and Baluchistan towards the cost of *Budget, 1912-13.* Government police supplied to them. The further decrease of ₹1·69 lakhs anticipated in the Provincial revenue in 1912-13 is caused chiefly by the exclusion from the revenue account of Government of the receipts and charges on account of private watchmen (*ramoshis*) in Bombay.

XVIII AND 21.—PORTS AND PILOTAGE.

EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1910-1911. Budget.	1910-1911. Revised.	Budget, 1911-1912.
Provincial.						
1. Burma . . .	12,86,363	12,57,081	12,42,302	12,45,000	12,67,000	12,86,000
2. Assam . . .	...	...	...	...	...	49,000
3. Bengal (new) . .	...	...	...	...	...	12,08,000
4. Behar . . .	...	...	...	...	...	1,000
5. Madras . . .	18,223	17,776	22,112	19,000	20,000	21,000
6. Bombay . . .	53,216	59,421	78,185	78,000	78,000	68,000
Eastern Bengal and Assam . .	1,58,435	1,07,065	91,447	1,22,000	1,17,000	...
Bengal (old) . .	22,62,057	11,79,559	12,33,468	11,89,000	12,00,000	...
Total India . R	37,78,294	26,20,902	26,67,514	26,53,000	26,82,000	26,33,000
Equivalent in Sterling £	251,886	174,727	177,834	176,900	178,800	175,500
England . £	212	52	56	100	100	100
TOTAL . . £	252,098	174,779	177,890	177,000	178,900	175,600

REVENUE.

	Accounts. 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Provincial.						
1. Burma . . .	4,46,458	4,81,538	5,00,723	4,54,000	4,83,000	5,00,000
2. Bengal (new) .	...	...	...	..	...	15,98,000
3. Bombay . .	88,973	87,821	89,816	92,000	95,000	95,000
Eastern Bengal and Assam . .	8,516	9,405	8,057	10,000	9,000	...
Bengal (old) . .	15,55,871	15,22,485	15,99,367	15,85,000	16,10,000	...
TOTAL R	20,99,818	21,01,249	21,97,963	21,41,000	21,97,000	21,93,000
Equivalent in Sterling £	139,988	140,083	146,531	142,700	146,500	146,200

104. The figures do not show any important variations and call for no remark.

XIX AND 22.—EDUCATION.

EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India, General	7,61,694	6,06,607	6,76,034	4,83,000	5,15,000	84,65,000
2. Baluchistan	...	...	90,722	53,000	49,000	64,600
3. North-West Frontier	1,02,110	86,316	1,61,796	1,27,000	1,14,000	2,04,000
Total	8,63,804	6,92,923	9,28,552	6,63,000	6,78,000	87,33,000
Provincial.						
1. Central Provinces	15,89,039	16,55,200	17,26,086	20,15,000	18,24,000	22,90,000
2. Burma	18,83,630	18,99,675	18,75,342	24,04,000	20,39,000	27,34,000
3. Assam	...	...	...	...	...	9,85,000
4. Bengal (new)	...	...	...	...	...	78,45,000
5. Behar	...	...	...	...	...	26,25,000
6. United Provinces	29,84,191	28,58,786	38,45,241	54,86,000	48,18,000	52,13,000
7. Punjab	22,24,247	22,61,241	22,83,817	26,82,000	23,39,000	28,63,000
8. Madras	37,38,835	37,90,145	39,86,111	49,94,000	45,65,000	58,88,000
9. Bombay	41,21,248	43,52,501	47,53,732	56,78,000	50,70,000	66,85,000
Eastern Bengal and Assam	21,67,643	23,38,345	26,10,708	33,18,000	28,92,000	...
Bengal (old)	55,28,726	55,68,813	55,21,364	70,26,000	57,96,000	...
Total	2,42,37,559	2,47,24,705	2,66,02,401	3,36,03,000	2,93,43,000	3,71,28,000
TOTAL INDIA ₹	2,51,01,363	2,54,17,629	2,75,30,953	3,42,66,000	3,00,21,000	4,58,61,000
Equivalent in Sterling £	1,673,424	1,694,509	1,835,397	2,284,400	2,001,400	3,057,400
England £	8,911	10,363	10,846	10,500	11,000	10,500
TOTAL	1,682,335	1,704,872	1,846,243	2,294,900	2,012,400	3,067,900

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
	₹	₹	₹	₹	₹	₹
Imperial.						
1. India, General	25,904	28,914	26,311	27,000	27,000	28,000
2. Baluchistan	...	...	10,026	13,000	12,000	14,000
3. North-West Frontier	484	681	676	1,000	1,000	1,000
Provincial.						
1. Central Provinces	95,541	1,09,308	1,17,185	1,32,000	1,45,000	1,75,000
2. Burma	1,38,208	1,74,808	2,00,099	2,36,000	2,11,000	2,30,000
3. Assam	...	...	...	...	...	88,000
4. Bengal (new)	...	...	...	...	...	6,84,000
5. Behar	...	...	...	...	...	1,95,000
6. United Provinces	2,51,372	2,48,092	4,26,511	4,86,000	4,92,000	5,12,000
7. Punjab	3,02,735	4,67,788	3,72,418	3,87,000	3,98,000	4,21,000
8. Madras	2,03,269	1,79,600	2,25,336	3,21,000	3,07,000	3,43,000
9. Bombay	4,08,538	4,09,209	4,22,292	4,40,000	4,57,000	5,00,000
Eastern Bengal and Assam	2,32,045	2,63,282	3,22,331	3,15,000	3,39,000	...
Bengal (old)	7,18,357	6,06,453	6,31,361	6,50,000	6,50,000	...
TOTAL ₹	23,76,453	24,88,135	27,54,546	30,98,000	30,39,000	31,91,000
Equivalent in Sterling £	158,430	165,875	183,636	200,500	202,600	212,700

EXPENDITURE.

(*a*) *Imperial.*

105. The Revised estimate for 1911-12 does not differ materially from the Budget. The Budget estimate for 1912-13 includes the following special provisions aggregating ₹80 lakhs :— *Revised, 1911-12.* *Budget, 1912-13.*

(*a*) Balance of the recurring Royal grant of ₹50 lakhs for the promotion of truly popular education :—

	Lakhs of Rupees.
(*i*) share allotted to the North-West Frontier Province	·50
(*ii*) share allotted to other minor administrations	·25
(*iii*) unallotted balance held in reserve pending preparation of schemes	4·25
	5·00

(*b*) Additional reserve provision for the advancement of education :—

(*i*) recurring	10·00	
(*ii*) non-recurring	65·00	75·00
Total		80·00

(*b*) *Provincial.*

106. The Revised estimate for the current year is ₹42·60 lakhs less than the Budget. The latter provided for an outlay of ₹47·91 lakhs out of the non-recurring Imperial assignment for the development of education. Against this provision an expenditure of ₹16·60 lakhs only will be incurred in the civil department and recorded under this head, while ₹14·47 lakhs are expected to be spent in the Public Works department and ₹16·84 lakhs will lapse,—the resultant saving under this head amounting to ₹31·31 lakhs. The balance of the saving, *viz.*, ₹11·29 lakhs, is distributed over all the provinces and is due to the transfer of certain building grants to the Public Works Department and to lapses in ordinary grants as well as in lump allotments for new schemes included in the Budget estimates of several provinces. Some of the latter allotments will not be utilised at all owing mainly to delay in the maturing and introduction of the schemes. In this class fall the provision made in Bengal for the revision of pay of sub-inspectors transferred from district boards; in the United Provinces for the re-grading of the Provincial Educational service; in the Punjab for the taking over of the Lawrence Memorial Asylum, Murree; in Madras for the establishment of model high schools and the reorganisation of training schools for masters and for mistresses; and in Bombay for the taking over of the Gujarat College and for an increase in the pay of assistant teachers in high schools and training colleges. *Revised, 1911-12.*

107. The estimates for 1912-13 allow for a further large advance of ₹77·85 lakhs in educational expenditure — the increase being again much larger than that provided under any other head of civil expenditure. Of this increase ₹30·67 lakhs are contributed by the allotments made under this head from the sums placed at the disposal of provincial Governments out of the opium revenu of 1910-11 for non-recurring expenditure on education, which amount to ₹47·27 lakhs against a probable outlay of ₹16·60 lakhs in 1911-12; and ₹23·50 lakhs are due to lump provisions for expenditure out of the sums aggregating ₹45 lakhs which have been assigned to Provincial Governments from the Royal grant of ₹50 lakhs for the promotion of truly popular education. The bulk of this grant will be devoted to primary education, though small sums may be utilised for *Budget, 1912-13.*

technical education and other purposes. The distribution of the lump provisions made out of it in the estimates of the major provinces is given below :

	Lakhs of Rupees.
Central Provinces	1·25
Burma	1·25
Assam	·75
Bengal	4·50
Behar	2·25
United Provinces	4·50
Punjab	1·75
Madras	4·00
Bombay	3·25
	23·50

108. The increased outlay contemplated from provincial resources proper thus amounts to R23·70 lakhs. Provision has been made in every province for the full cost of the reforms introduced in the current year and for further progress in the improvement and development of education, the following additions being made with reference to the recommendations of the Provincial Finance Committees :—

	R
United Provinces	1,43,000
Punjab (excluding outlay from non-recurring Imperial grant)	1,41,000
Madras (ditto ditto)	1,87,000
Bombay	1,93,000

109. The more important special provisions made in the several provinces are enumerated below :—

(1) *Central Provinces.*—Strengthening of the inspecting agency and of the staff in the Government colleges ; development of the Victoria College of Science and establishment of an engineering branch in it ; grant of additional scholarships in secondary schools.

(2) *Assam.*—Taking over of the Murarichand College, Sylhet ; development of collegiate education.

(3) *Bengal.*—Revision of pay of sub-inspectors transferred from district boards ; strengthening and improvement of the staff in Government Colleges ; re-organisation of training schools.

(4) *United Provinces.*—Development of the Rurki College ; opening of the technological institute at Cawnpur ; taking over of subordinate inspecting agency now maintained by district boards.

(5) *Punjab.*—Taking over of Lawrence Memorial Asylum, Murree ; re-organisation of the provincial and subordinate educational services ; grants to district boards for increasing the pay of primary school teachers.

(6) *Madras.*— Enhanced grant to the University (R1·50 lakhs) ; establishment of Government model high schools (R1·50 lakhs) ; increased subsidies to local boards (R2·10 lakhs) to enable them to open schools in villages at present unprovided with them ; re-organisation of training schools for masters and for mistresses.

(7) *Bombay.*—Opening of new primary schools and other objects connected with the development of primary education (R1·50 lakhs).

REVENUE.

Revised, 1911-12.
Budget, 1912-13.

110. The growth in the number of students in the Government schools and colleges generally accounts for the improvement in the receipts in the current year and the further increase allowed for in the Budget of 1912-13.

23.—ECCLESIASTICAL.

EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	1,93,499	1,92,225	1,63,524	1,73,000	1,63,000	1,73,000
2. Baluchistan	..	...	25,449	24,000	24,000	24,000
3. Central Provinces	86,240	84,330	79,479	93,000	78,000	1,05,000
4. Burma	1,18,544	1,23,387	1,24,470	1,25,000	1,37,000	1,44,000
5. Assam	...	...	...	...	...	20,000
6. Bengal (new)	...	...	...	...	...	1,94,000
7. Behar	...	...	...	...	...	37,000
8. United Provinces	2,53,843	2,60,160	2,49,723	2,75,000	2,58,000	2,64,000
9. Punjab	2,29,888	2,33,104	2,44,915	2,26,000	2,37,000	2,46,000
10. North-West Frontier	35,385	36,932	38,416	41,000	40,000	41,000
11. Madras	2,98,842	3,31,965	3,37,659	3,41,000	3,67,000	3,81,000
12. Bombay	3,27,416	3,38,613	3,52,009	3,52,000	3,47,000	3,45,000
Eastern Bengal and Assam	31,100	28,435	40,105	41,000	42,000	...
Bengal (old)	2,15,390	2,24,161	2,09,411	2,18,000	2,08,000	..
TOTAL INDIA R	17,90,147	18,53,312	18,65,160	19,09,000	19,01,000	19,72,000
Equivalent in Sterling £	119,343	123,554	124,344	127,300	126,700	131,500
England £	739	489	334	500	300	400
TOTAL £	120,082	124,043	124,678	127,800	127,000	131,900

111. The figures do not call for any remark. The Revised estimate for 1911-12 does not differ materially from the Budget. In 1912-13 provision has been made for the sanctioned scale of expenditure.

XX AND 24.—MEDICAL.

EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts. 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	6,70,421	7,02,069	6,82,219	6,43,000	5,85,000	12,51,000
2. Baluchistan	...	...	87,627	91,000	90,000	1,00,000
3. North-West Frontier	1,56,703	1,83,690	2,19,909	2,30,000	1,72,000	3,09,000
Total	8,27,124	8,85,759	9,89,755	9,64,000	8,47,000	16,60,000
Provincial.						
1. Central Provinces	7,18,278	7,98,349	8,73,489	10,25,000	9,19,000	14,51,000
2. Burma	21,21,431	21,23,201	19,08,768	25,18,000	21,78,000	31,95,000
3. Assam	...	...	...	...	...	8,02,000
4. Bengal (new)	...	...	...	...	...	36,95,000
5. Behar	...	...	...	...	...	10,94,000
6. United Provinces	20,82,419	15,86,585	17,88,777	31,54,000	30,48,000	30,79,000
7. Punjab	14,25,184	13,31,758	14,19,589	23,77,000	21,75,000	31,50,000
8. Madras	21,18,682	17,84,589	18,22,160	18,61,000	17,98,000	29,39,000
9. Bombay	25,52,234	24,97,108	22,72,567	31,87,000	25,03,000	41,75,000
Eastern Bengal and Assam	9,33,857	10,23,998	10,67,623	16,09,000	12,33,000	...
Bengal (old)	23,28,034	23,38,148	24,27,015	25,13,000	25,12,000	...
Total	1,42,80,119	1,34,83,736	1,35,79,988	1,82,44,000	1,63,66,000	2,35,80,000
TOTAL INDIA ₹	1,51,07,243	1,43,69,495	1,45,69,743	1,92,08,000	1,72,13,000	2,52,40,000
Equivalent in Sterling £	1,007,150	957,967	971,316	1,280,600	1,147,600	1,682,700
England £	10,562	9,866	11,606	11,900	12,200	12,100
TOTAL £	1,017,712	967,833	982,922	1,292,500	1,159,800	1,694,800

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	8,032	7,743	6,021	6,000	6,000	6,000
2. Baluchistan	...	...	1,711	2,000	2,000	2,000
3. North-West Frontier	611	660	620	1,000	...	...
Provincial.						
1. Central Provinces	10,834	8,551	9,400	8,000	10,000	13,000
2. Burma	60,655	63,951	76,876	74,000	98,000	90,000
3. Assam	...	...	...	...	...	14,000
4. Bengal (new)	...	...	...	...	...	3,61,000
5. Behar	...	...	...	...	...	13,000
6. United Provinces	36,068	37,687	46,408	46,000	53,000	52,000
7. Punjab	33,906	45,793	49,589	46,000	49,000	48,000
8. Madras	1,18,849	1,21,733	1,24,719	1,23,000	1,27,000	1,28,000
9. Bombay	2,22,402	2,28,245	2,36,064	2,40,000	2,40,000	2,40,000
Eastern Bengal and Assam	59,879	56,689	46,230	60,000	48,000	...
Bengal (old)	2,81,855	2,90,056	3,45,728	3,29,000	3,32,000	...
TOTAL INDIA ₹	8,33,091	8,61,108	9,43,366	9,35,000	9,65,000	9,67,000
Equivalent in Sterling £	55,539	57,407	62,891	62,400	64,300	64,500
England £	1,010	828	806	900	800	800
TOTAL £	56,549	58,235	63,697	63,300	65,100	65,300

EXPENDITURE.

(*a*) *Imperial.*

112. The saving of ₹1·17 lakhs in the Budget grant for 1911-12 is caused by a vacancy in the appointment of Sanitary Commissioner with the Government of India; by the non-utilisation of the provisions (*a*) for the payment of a contribution to the Countess of Dufferin's Fund and (*b*) for the improvement of the subordinate medical staff in the North-West Frontier Province; and by a lapse in the grant for expenditure in connection with plague in the latter province. *Revised, 1911-12.*

The increase of ₹8·13 lakhs in the Budget estimate for 1912-13 over the Revised for the current year is due to full provision for sanctioned establishments and for plague grants in the North-West Frontier Province, as well as to the following special lump allotments :— *Budget, 1912-13.*

	Lakhs of Rupees.
(1) Contribution to the Countess of Dufferin's Fund . .	1·50
(2) Improvement of sanitation in the North-West Frontier Province and other minor administrations	2·77
(3) Improvement of the sanitary services in India . . .	2·30
	6·57

(*b*) *Provincial.*

113. The Revised estimate for 1911-12 is ₹18·78 lakhs less than the Budget. Of this decrease, which is shared by every province, ₹12·62 lakhs are contributed by Bombay (₹6·84 lakhs), Eastern Bengal and Assam (₹3·76 lakhs) and the Punjab (₹2·02 lakhs), and are mainly caused by the record under other heads of expenditure of outlay from the special Imperial grants made in 1910-11 for the improvement of sanitation, for which provision was made in the Budget under this head. Other important decreases occur in Burma (₹3·40 lakhs), in the Central Provinces (₹1·06 lakhs), and in the United Provinces (₹1·06 lakhs), owing to savings in ordinary and plague grants as well as to lapses in the special provision for the improvement of sanitation. *Revised, 1911-12.*

114. The Budget estimate for 1912-13 exceeds the Revised for 1911-12 by ₹72·14 lakhs. Of this increase, ₹62 lakhs represent non-recurring outlay out of the special Imperial assignments given from the opium revenue of the current year for the improvement of sanitation and the furtherance of research in hygiene. The distribution of the amount is shown below :— *Budget, 1912-13.*

[Lakhs of Rupees.]

Province.	Sanitation (water-Works and drainage schemes).	Equipment and extension of research laboratories.	Payment to Central Reseach fund mainly for anti-malarial and yellow-fever enquiries and experiments.	Establishment of a tropical school of medicine in connection with the Medical College, Calcutta.	Total.
1. Central Provinces . .	4·00	...	...	...	4·00
2. Burma	4·00	...	...	...	4·00
3. Assam	1·46	...	...	...	1·46
4. Bengal	7·25	...	...	4·00	11·25
5. Behar	4·62	...	...	..	4·62
6. United Provinces . .	8·00	...	...	...	8·00
7. Punjab	6·17	...	6·00	...	12·17
8. Madras	8·00	...	...	...	8·00
9. Bombay	6·50	2·00	...	...	8·50
TOTAL .	50·00	2·00	6·00	4·00	62·00

115. Excluding these special allotments, the variations between the Budget estimates of 1912-13 and the Revised of 1911-12 consist of: (*a*) increases of ₹8·22 lakhs in Bombay, ₹3·41 lakhs in Madras, ₹6·17 lakhs in Burma, ₹1·32 lakhs in the Central Provinces and ₹1·13 lakhs in Assam, Bengal and Behar; and (*b*) decreases of ₹7·69 lakhs in the United Provinces and ₹2·42 lakhs in the Punjab. The decreases in the last two provinces are caused by reductions of ₹8·46 lakhs and ₹4·70 lakhs in the sums available for allotment in 1912-13 out of the non-recurring Imperial grants made in aid of sanitation in 1910-11, as compared with the expenditure from this source in 1911-12; and but for these special reductions there would have been a growth of expenditure in these two provinces also. The Budget grants for next year generally provide for the full cost of sanctioned establishments and for increased expenditure in connection with the plague and with anti-malarial investigations. Special allotments have been made in Burma and in Bengal for the improvement of the pay of Assistant Surgeons; in Madras for the payment of a contribution of ₹2 lakhs to the Edward VII Memorial Fund Committee in connection with the construction of a hospital and sanatorium for consumptives; and in Bombay for the development of the Grant Medical College. In Bombay provision has been made under this head for (*i*) the recurring Imperial contribution of ₹4·5 lakhs for special sanitation schemes and (*ii*) the balance (₹2·25 lakhs) of the non-recurring contribution made in 1910-11 for the same purpose. Provision for (*ii*) has been made under this head also in Burma (₹5·48 lakhs), in the Punjab (₹2·65 lakhs), in the Central Provinces (₹1 lakh), and in the United Provinces (₹1·02 lakhs) while Assam expects to spend in 1912-13 only ₹1 lakh out of the balance of the contribution which will fall to its share (*viz.*, ₹2·5 lakhs).

Revenue.

116. The figures do not show any important variations and call for no remark.

25.—POLITICAL.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial						
1. India General.	71,08,494	53,19,919	84,88,401	56,38,000	61,44,000	58,12,000
2. Baluchistan	22,81,729	22,69,281	22,70,805	23,50,000	23,58,000	23,94,000
3. North-West Frontier	32,41,775	30,53,873	31,44,973	31,84,000	31,15,000	31,07,000
4. Punjab	6,32,268	6,46,936	6,13,208	6,62,000	6,21,000	6,71,000
5. Other Provinces	6,15,267	5,54,796	6,20,037	5,73,000	5,64,000	5,70,000
Total	1,38,79,533	1,18,44,855	1,51,37,424	1,24,07,000	1,28,02,000	1,26,14,000
Provincial.						
1. Central Provinces	45,011	45,615	28,991	34,000	33,000	36,000
2. Burma	4,11,805	4,03,949	4,26,369	4,41,000	4,25,000	4,33,000
3. Assam	...	..	...	...	...	92,000
4. Bengal (new)	...	...	...	...	..	34,000
5. Behar	...	...	..	...	...	53,000
6. United Provinces	4,932	5,617	9,877	6,000	4,000	4,000
7. Madras	79,596	1,12,212	96,421	99,000	1,05,000	94,000
8. Bombay	4,05,885	4,76,016	4,72,953	4,79,000	5,03,000	4,74,000
Eastern Bengal and Assam	1,08,493	89,952	1,22,731	1,17,000	4,46,000	...
Bengal (old)	52,404	51,943	62,041	64,000	65,000	...
Total	11,08,126	11,85,304	12,19,383	12,40,000	15,81,000	12,20,000
TOTAL INDIA . R	1,49,87,659	1,30,30,159	1,63,56,807	1,36,47,000	1,43,83,000	1,38,34,000
Equivalent in Sterling £	999,177	868,677	1,090,454	909,800	958,900	922,300
England £	8,335	6,450	5,016	2,500	10,200	4,000
TOTAL £	1,007,512	875,127	1,095,470	912,300	969,100	926,300

117. The Imperial outlay shown against "Other Provinces" consists of the charges of the Political Residency at Aden and certain other expenditure—mainly in connection with political refugees and State prisoners—in several provinces.

(*a*) *Imperial.*

118. The increase of R3·95 lakhs in the Revised estimate for the current year over the Budget grant is caused partly by the reorganisation of the Indian Political Department and the remission of contributions hitherto recovered towards the cost of certain political agencies; and partly by special expenditure in connection with the arms traffic operations in the Persian Gulf and with the Miri, Mishmi and North Burma political missions. The absence of any provision for these special charges accounts for the decrease in the Budget estimate for next year as compared with the Revised estimate of 1911-12.

Revised, 1911-12.

Budget, 1912-13.

(*b*) *Provincial.*

119. The variation between the Budget and Revised estimates of 1911-12 and between the latter and the Budget estimate for 1912-13 is almost wholly due to special expenditure (R3·20 lakhs) in the current year in connection with the Miri and Mishmi Missions. A special Imperial assignment has been given to compensate the provincial Government for the outlay.

(*c*) *Home.*

120. The excess of £7,700 over the Budget grant in 1911-12 has been mainly caused by increased payments for Insignia of Indian Orders. The Budget estimate for 1912-13 provides for normal expenditure under the head.

Revised, 1911-12.

Budget, 1912-13.

XXI AND 26.—SCIENTIFIC AND OTHER MINOR DEPARTMENTS.

EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	55,57,022	54,57,101	55,31,182	70,32,000	54,96,000	58,54,000
2. Baluchistan	11,060	13,780	42,730	36,000	82,000	45,000
3. North-West Frontier	32,510	39,279	88,717	90,000	95,000	82,000
4. Other Provinces	2,61,206	2,72,575	6,14,787	2,99,000	14,97,000	3,14,000
Total	58,61,798	57,82,735	62,77,416	74,57,000	71,70,000	62,95,000
Provincial.						
1. Central Provinces	4,80,141	4,32,729	4,43,936	5,26,000	5,04,000	6 99,000
2. Burma	3,67,977	4,27,888	3,81,263	4,27,000	4,34,000	6,60,000
3. Assam	...	...	...	...	...	2,30,000
4. Bengal (new)	...	...	...	...	...	17,13,000
5. Behar	...	...	...	...	..	5,00,000
6. United Provinces	8,30,179	11,44,571	10,10,638	12,91,000	11,16,000	13,15,000
7. Punjab	5,66,817	7,01,968	6,65,617	7,76,000	7,60,000	10,75,000
8. Madras	12,06,457	13,36,620	13,82,185	13,72,000	13,27,000	17,37,000
9. Bombay	6,99,792	8,02,170	8,58,420	10,46,000	10,80,000	10,93,000
Eastern Bengal and Assam	3,78,767	4,54,083	4,51,867	4,96,000	4,62,000	...
Bengal (old)	12,26,466	12,20,110	13,47,063	14,09,000	13,46,000	...
Total	57,56,590	65,20,145	65,40,989	74,03,000	70,29,000	90,22,000
TOTAL INDIA . R	1,16,18,394	1,23,02,880	1,28,18,405	1,48,60,000	1,41,99,000	1,53,17,000
Equivalent in Sterling £	774,560	820,192	854,560	990,600	946,600	1,021,800
England (mainly stores) . £	56,744	31,204	23,485	32,300	21,100	28,400
TOTAL . £	831,304	851,396	878,045	1,022,900	967,700	1,049,500

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	1,84,794	2,66,909	1,78,182	1,70,000	2,13,000	2,80,000
2. Baluchistan	781	960	788	1,000	1,000	1,000
3. North-West Frontier	185	77	83	...	2,000	7,000
TOTAL	1,85,760	2,67,946	1,79,053	1,71,000	2,16,000	2,88,000
Provincial.						
1. Central Provinces	72,746	94,288	96,041	1,00,000	93,000	1,02,000
2. Burma	5,281	4,389	9,199	7,000	6,000	9,000
3. Assam	...	...	...	...	...	25,000
4. Bengal (new)	...	...	...	...	...	3,83,000
5. Behar	...	...	...	...	...	28,000
6. United Provinces	1,45,828	1,27,521	1,44,828	1,79,000	1,51,000	1,49,000
7. Punjab	1,01,929	1,08,979	1,09,437	1,20,000	99,000	1,20,000
8. Madras	6,54,886	5,41,142	6,50,363	5,37,000	6,16,000	6,29,000
9. Bombay	63,759	78,877	1,20,095	1,20,000	1,11,000	1,06,000
Eastern Bengal and Assam	64,457	45,534	41,784	49,000	44,000	...
Bengal (old)	2,86,008	3,40,717	3,31,173	3,70,000	3,00,000	...
TOTAL	13,94,894	13,47,447	15,03,520	14,82,000	14,20,000	15,51,000
TOTAL INDIA	15,80,654	16,15,393	16,82,573	16,53,000	16,36,000	18,39,000
Equivalent in sterling £	105,377	107,693	112,172	110,200	109,100	122,600
England . £	1,159	1,745	1,260	900	1,000	1,100
TOTAL . £	106,536	109,438	113,432	111,100	110,100	123,700

Details of expenditure shown against "Imperial" in the preceding table.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912.		Budget, 1912-1913.
				Budget.	Revised.	
(*a*) *Scientific*—						
i. Survey of India .	27,89,767	28,58,301	27,80,226	28,86,000	26,79,000	28,95,000
ii. Geological Survey	3,64,773	3,12,877	2,94,806	3,49,000	2,85,000	3,06,000
iii. Inspector of Mines	1,12,706	1,19,265	98,194	1,21,000	1,08,000	1,11,000
iv. Meteorological Survey .	4,80,683	3,93,821	4,04,727	3,94,000	3,96,000	4,00,000
v. Archæological Survey . .	2,35,048	2,01,966	2,18,414	2,22,000	2,39,000	2,41,000
vi. Central Museum .	1,30,222	1,17,473	1,38,430	1,39,000	1,56,000	1,52,000
vii. Bacteriology .	1,72,201	1,95,508	2,13,967	2,14,000	2,18,000	2,17,000
viii. Central Research and X-Ray Institutes .	1,62,337	1,51,033	1,71,980	1,72,000	1,75,000	1,83,000
ix. Other items .	60,283	53,104	1,02,474	68,000	67,000	68,000
(*b*) *Agricultural*—						
i. Agriculture .	4,59,137	4,72,726	4,73,362	5,07,000	5,19,000	5,38,000
ii. Veterinary charges	4,93,302	4,96,230	4,89,498	5,64,000	5,07,000	5,48,000
iii. Other items .	9,593	12,844	29,025	13,000	11,000	13,000
(*c*) *Statistics*—						
i. Bureau of Commercial Intelligence, and other charges	1,88,914	1,94,232	1,76,553	1,74,000	1,75,000	1,60,000
ii. Census . .	...	18,222	4,87,319	14,38,000	14,37,000	2,39,000
(*d*) *Miscellaneous*—						
i. Imperial Library .	48,536	47,815	46,742	48,000	42,000	42,000
ii. Examinations .	52,738	53,429	62,022	62,000	62,000	57,000
iii. Inspector of Explosives .	74,346	73,644	75,899	77,000	76,000	77,000
iv. Controller of Patents . .	...	...	...	...	6,000	39,000
v. Other items .	27,212	10,245	13,778	9,000	12,000	9,000
TOTAL ₹	58,61,798	57,82,735	62,77,416	74,57,000	71,70,000	62,95,000

EXPENDITURE.

121. The figures shown against "Other Provinces," in the table at page 72 represent expenditure incurred in the several provinces in connection with ethnographical surveys, census operations, and the pay and allowances of officers borne on the cadre of the Imperial Civil Veterinary Department, as well as the cost of the Archæological Department in Burma.

(*a*) *Imperial.*

122. The saving of ₹2·87 lakhs in the Budget estimate for 1911-12 is caused by ordinary lapses in grants mainly in the case of the Survey of India Department. The large saving in the Budget grant shown against "India General" and the considerable excess over the grant shown against "Other Provinces" are due to allotments having been made for expenditure in the various provinces from the lump provision for census charges in the "India" estimates. *Revised, 1911-12.*

123. The total Budget estimate for 1912-13 is less than the Revised estimate for the current year by ₹8·75 lakhs. There is a decrease of ₹11·98 lakhs in the provision for census charges but this is partly counterbalanced by an increase of ₹3·23 lakhs under other heads. The grants of the various departments have been generally fixed with reference to normal operations and the sanctioned scale of establishments. The figure shown against "Agriculture" includes a provision of ₹·60 lakh for a sugar expert; and but for this special provision the grant for 1912-13 would have been less than the Revised estimate for the current year by ₹·41 lakh, the saving being due to the abolition of the separate appointment of Inspector General of Agriculture. *Budget, 1912-13.*

(*b*) *Provincial.*

Revised, 1911-12.

124. The lapse of ₹3·74 lakhs in the Budget grant for 1911-12 is distributed over all the provinces with the exception of Burma and Bombay where unimportant excesses over grants are anticipated. The more important savings occur in the United Provinces (₹1·75 lakhs) owing to short outlay on the new park at Agra; and in Bengal (₹1·23 lakhs) due mainly to lapses in the grants for the agricultural and veterinary departments.

Budget, 1912-13.

125. The Budget estimate for 1912-13 exceeds the Revised for the current year by ₹19·93 lakhs. Of this increase, ₹14 lakhs represent allotments made out of the special Imperial assignments given from the opium revenue of 1911-12, for non-recurring outlay on (*a*) a bacteriological institute in Burma; and (*b*) the extension of cattle-breeding operations, the development of forest roads for the extraction of produce, the purchase of reserve stocks of quinine in Madras and Bengal, the establishment of a new veterinary college at Lahore, and other desirable improvements in the agricultural and veterinary departments. The forest expenditure will be recorded in the accounts under "11.—Forest" but the budget provision has for the sake of convenience been made in lump under this head. The distribution of the amount is shown below :—

	Lakhs of Rupees.	
Central Provinces	·75	
Burma	1·75	(inclusive of 1·00 for the bacteriological institute).
Assam	·50	
Bengal	2·75	(inclusive of 2·00 for the quinine reserve).
Behar	·75	
United Provinces	1·00	
Punjab	2·25	(inclusive of 1·50 for the Veterinary College).
Madras	3·50	(inclusive of 2·00 for the quinine reserve).
Bombay	·75	
	14·00	

126. The increased outlay contemplated from provincial resources proper thus amounts to ₹5·93 lakhs. All the provinces share in the increase with the exception of Bombay, where the saving caused by the absence of the special expenditure incurred in the current year on the purchase of land for the Northcote cattle farm obscures the increased outlay contemplated on the agricultural and veterinary departments. Enhanced grants for the further development of these departments have been provided in every province. In the United Provinces an allotment of ₹1·05 lakhs has been made for the new park at Agra.

(*c*) *Home.*

Revised, 1911-12.

127. The decrease in the expenditure in England in the current year, as compared with the Budget provision, is due to smaller requirements for stores than was anticipated. The Budget estimate for 1912-13 provides for normal expenditure on this account.

Budget, 1912-13.

Revenue.

128. The growth in receipts is a natural concomitant of the development of the agricultural and veterinary departments.

27.—TERRITORIAL AND POLITICAL PENSIONS.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912.		Budget, 1912-1913.
				Budget.	Revised.	
Imperial.						
1. India General .	1,23,391	1,15,306	1,27,487	1,17,000	1,19,000	1,19,000
2. Baluchistan . .	40,654	34,081	48,000	41,000	50,000	50,000
3. Central Provinces .	2,01,367	1,94,096	1,87,278	1,98,000	1,93,000	1,92,000
4. Burma . . .	1,39,286	1,58,792	1,65,418	1,63,000	1,57,000	1,65,000
5. Assam . . .	...	...	...	...	...	5,000
6. Bengal (new) . .	...	...	...	...	...	8,11,000
7. Behar . . .	...	...	...	...	...	54,000
8. United Provinces .	8,69,254	7,89,717	8,25,329	8,22,000	7,95,000	7,88,000
9. Punjab . . .	1,54,081	1,43,351	1,47,650	1,47,000	1,42,000	1,42,000
10. North-West Frontier	63,274	61,665	60,206	59,000	63,000	62,000
11. Madras . .	3,88,716	3,85,307	3,77,369	3,63,000	3,34,000	3,56,000
12. Bombay . .	5,46,405	5,16,540	5,80,430	5,39,000	5,48,000	5,24,000
Eastern Bengal and Assam . .	8,619	9,643	9,014	10,000	10,000	...
Bengal (old) . .	9,40,002	8,89,046	8,49,031	8,68,000	8,65,000	...
TOTAL INDIA . R	34,75,049	32,97,544	33,77,212	33,27,000	32,76,000	32,68,000
Equivalent in Sterling £	231,670	219,836	225,148	221,800	218,400	217,900
England . £	11,085	13,750	10,858	10,900	11,100	11,100
TOTAL . £	242,755	233,586	236,006	232,700	229,500	229,000

129. The total figures show little variation and call for no remark.

28.—CIVIL FURLOUGH AND ABSENTEE ALLOWANCES.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
India . . ₹	2,114	3,630	6,273	6,000	15,000	8,000
Equivalent in Sterling £	141	242	418	400	1,000	500
England . . £	366,639	397,574	394,893	408,000	426,500	404,000
TOTAL . £	366,780	397,816	395,311	408,400	427,500	404,500

130. Almost the whole of the expenditure recorded under this head is incurred in England. Leave allowances of officers paid in India are charged to the same head as their salaries, and the small sums shown against India represent leave allowances of officers lent to Foreign States, etc.

Revised, 1911-12.

131. The expenditure in 1911-12 is expected to exceed the Budget provision by £19,100.

Budget, 1912-13.

The Budget estimate for 1912-13 closely follows the Budget for the current year.

XXII AND 29.—SUPERANNUATION.

EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	8,71,344	9,15,558	9,32,913	9,77,000	9,89,000	10,00,000
2. Baluchistan	8,917	12,962	14,341	11,000	11,000	10,000
3. North-West Frontier	1,18,786	1,19,415	1,22,001	1,24,000	1,29,000	1,30,000
4. Other Provinces	1,33,025	1,23,891	1,19,682	1,22,000	1,06,000	1,00,000
Total	11,32,072	11,71,826	11,88,937	12,34,000	12,35,000	12,40,000
Provincial.						
1. Central Provinces	6,02,795	6,15,979	6,76,899	7,00,000	7,32,000	7,70,000
2. Burma	6,78,501	7,01,693	7,75,519	7,94,000	8,19,000	8,70,000
3. Assam	...	...	...	...	...	2,20,000
4. Bengal (new)	...	...	...	...	...	28,46,000
5. Behar	...	...	...	...	...	7,85,000
6. United Provinces	27,69,273	29,01,294	29,51,127	30,08,000	30,39,000	30,80,000
7. Punjab	15,95,083	16,73,165	17,57,504	18,24,000	18,72,000	19,81,000
8. Madras	23,20,930	24,21,338	25,28,021	26,10,000	25,81,000	26,94,000
9. Bombay	27,27,499	28,85,259	29,94,745	31,80,000	31,60,000	32,40,000
Eastern Bengal and Assam	6,98,536	7,34,541	8,00,212	8,49,000	8,42,000	...
Bengal (old)	26,27,146	27,12,983	27,87,151	28,53,000	29,02,000	...
Total	1,40,19,763	1,46,46,252	1,52,71,178	1,58,18,000	1,59,47,000	1,64,86,000
TOTAL INDIA ₹	1,51,51,835	1,58,18,078	1,64,60,115	1,70,52,000	1,71,82,000	1,77,26,000
Equivalent in Sterling £	1,010,122	1,054,538	1,097,341	1,136,800	1,145,400	1,181,700
England £	2,048,112	2,039,502	2,048,548	2,069,000	2,052,000	2,063,000
TOTAL £	3,058,234	3,094,040	3,145,889	3,205,800	3,197,400	3,244,700

RECEIPTS.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	3,59,026	2,91,348	3,08,811	3,19,000	2,98,000	2,81,000
2. Baluchistan	2,900	2,823	2,753	3,000	3,000	3,000
3. North-West Frontier	15,066	12,018	17,704	16,000	20,000	20,000
4. Other Provinces	8,79,442	8,80,361	9,13,517	8,78,000	8,84,000	9,07,000
Total	12,56,434	11,86,550	12,42,785	12,16,000	12,05,000	12,11,000
Provincial.						
1. Central Provinces	64,709	62,208	78,136	87,000	91,000	90,000
2. Burma	30,273	25,342	24,494	25,000	25,000	25,000
3. Assam	...	...	...	...	...	4,000
4. Bengal (new)	...	...	...	...	...	42,000
5. Behar	...	...	...	...	...	29,000
6. United Provinces	1,06,389	1,13,154	99,493	75,000	88,000	92,000
7. Punjab	61,552	87,045	62,344	65,000	67,000	67,000
8. Madras	77,316	79,184	85,887	83,000	85,000	85,000
9. Bombay	2,10,560	2,66,646	3,24,321	3,35,000	3,45,000	3,65,000
Eastern Bengal and Assam	12,203	10,116	10,160	11,000	10,000	...
Bengal (old)	59,540	66,558	64,392	64,000	64,000	...
Total	6,22,542	7,10,253	7,49,227	7,45,000	7,75,000	7,99,000
TOTAL INDIA ₹	18,78,976	18,96,803	19,92,012	19,61,000	19,80,000	20,10,000
Equivalent in Sterling £	125,285	126,453	132,801	130,700	132,000	134,000
England £	89,746	65,633	62,688	64,000	67,400	65,100
TOTAL £	195,011	192,086	195,489	194,700	199,400	199,100

132. The figures of Imperial revenue shown against "Other Provinces" represent the receipts of certain abolished funds, the assets and liabilities of which were taken over by the Government, as well as the subscriptions paid by members of the Indian Civil Service for securing certain pensionary benefits for their families. The charges on account of such pensions as well as of the pensions of the abolished funds are recorded in the accounts as Imperial expenditure.

EXPENDITURE.

Revised, 1911-12.

Budget, 1912-13.

133. The expenditure in India in the current year does not differ materially from the Budget estimate; but in England there is a saving of £17,000 mainly in the payment of annuities to members of the Indian Civil Service. The estimates for the next year provide for the normal growth of the retired list both in India and in England.

REVENUE.

134. The variations in the figures are unimportant and call for no remark.

XXIII AND 30.—STATIONERY AND PRINTING.

EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. Central Stationery Office	2,78,177	2,73,459	2,53,854	2,68,000	2,68,000	2,60,000
2. Stationery purchased for Central stores	50,35,313	44,50,415	44,57,724	42,63,000	40,55,000	39,85,000
3. Government Presses (mainly Calcutta and Simla)	20,12,483	17,56,894	16,36,549	17,00,000	15,55,000	15,59,000
4. Other charges	12,930	12,002	20,473	13,000	17,000	15,000
5. *Deduct*—Value of supplies to Local Governments and Administrations and to Postal and Telegraph Departments, etc.	—51,30,407	—54,60,855	—53,02,221	—49,17,000	—47,95,000	—48,05,000
6. Baluchistan	1,778	1,914	2,186	2,000	3,000	3,000
7. North-West Frontier	76,122	71,879	83,503	1,00,000	81,000	1,29,000
Total	22,86,456	11,05,708	11,52,068	14,29,000	11,84,000	11,46,000
Provincial.						
1. Central Provinces	4,57,596	3,27,458	4,50,161	3,50,000	3,52,000	3,77,000
2. Burma	8,32,830	8,29,139	8,13,145	8,39,000	7,91,000	8,09,000
3. Assam	...	...	...	...	...	1,48,000
4. Bengal (new)	...	...	...	...	...	12,55,000
5. Behar	...	...	...	...	...	5,00,000
6. United Provinces	8,82,641	8,47,854	8,65,724	8,48,000	8,24,000	8,54,000
7. Punjab	6,77,210	7,52,906	7,54,841	7,31,000	7,86,000	7,80,000
8. Madras	14,34,138	15,66,157	14,96,004	15,32,000	15,21,000	14,71,000
9. Bombay	12,86,751	15,13,361	13,34,884	13,73,000	12,74,000	13,25,000
Eastern Bengal and and Assam	6,68,981	8,53,571	7,78,524	7,24,000	7,57,000	...
Bengal (old)	13,35,983	13,17,476	12,31,270	13,39,000	12,30,000	...
Total	75,76,130	80,07,922	77,24,553	77,36,000	75,35,000	75,19,000
TOTAL INDIA ₹	98,62,586	91,13,630	88,76,621	91,65,000	87,19,000	86,65,000
Equivalent in Sterling £	657,506	607,575	591,775	611,000	581,300	577,700
England { Stores £	121,858	110,710	115,544	94,200	101,000	106,400
England { Other charges	7,364	6,437	6,850	7,800	6,900	7,600
TOTAL £	786,728	724,722	714,169	713,000	689,200	691,700

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	5,34,525	4,68,484	4,53,087	5,03,000	4,27,000	4,11,000
2. Baluchistan	440	583	387	1,000	1,000	1,000
3. North-West Frontier	7,951	9,511	14,070	12,000	16,000	16,000
4. Other Provinces	1,53,136	1,83,876	2,13,430	1,90,000	2,09,000	1,74,000
Total	6,96,052	6,62,454	6,80,974	7,06,000	6,53,000	6,02,000
Provincial.						
1. Central Provinces	52,319	45,532	45,133	47,000	46,000	44,000
2. Burma	54,842	54,137	58,890	55,000	62,000	63,000
3. Assam	...	...	...	...	...	8,000
4. Bengal (new)	...	...	...	...	...	1,35,000
5. Behar	...	...	...	...	...	25,000
6. United Provinces	1,56,040	1,63,859	1,44,974	1,44,000	1,44,000	1,47,000
7. Punjab	1,06,356	1,39,492	1,47,293	1,21,000	1,55,000	1,77,000
8. Madras	1,14,066	1,10,014	1,14,164	1,11,000	1,09,000	1,09,000
9. Bombay	1,08,263	1,00,175	1,06,311	1,09,000	1,21,000	1,15,000
Eastern Bengal and Assam	16,512	15,621	17,941	16,000	34,000	...
Bengal (old)	1,29,070	1,38,569	1,49,162	1,42,000	1,30,000	...
Total	7,37,468	7,67,399	7,83,868	7,45,000	8,01,000	8,23,000
TOTAL ₹	14,33,520	14,29,853	14,64,842	14,51,000	14,54,000	14,25,000
Equivalent in sterling £	95,568	95,324	97,656	96,800	96,900	95,000

EXPENDITURE.

Revised, 1911-12.

135. The measures taken in recent years to secure a reduction in the consumption of stationery in Government offices and the more careful scrutiny now exercised on the printing charges have again led to a saving in the Budget grant under this head. The Imperial expenditure, in India and in England, will fall short of the Budget provision by R1·56 lakhs; and there will be a similar lapse of R2·01 lakhs in the total outlay of the Provincial Governments.

Budget, 1912-13.

136. The total Budget for 1912-13 is only R·38 lakh higher than the Revised estimate of 1911-12. There will be a further small decrease of R·16 lakh in the expenditure of Provincial Governments, but there will be a slight increase of R·54 lakh in the Imperial outlay mainly in connection with the purchase of stationery for the central stores.

REVENUE.

137. The figures show little variation and call for no remark. The Imperial revenue shown against "other provinces" represents recovery of the value of stationery supplied to Railways, Municipalities and other local bodies, etc.

XXIV AND 31.—EXCHANGE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912.		1912-1913, Budget.
				Budget.	Revised.	
Revenue . . ₹	...	6,67,215	10,51,256	...	15,85,000	...
Equivalent in Sterling £	...	44,481	70,084	...	105,700	...
Expenditure . . ₹	5,16,552	...	...	...	...	...
Equivalent in Sterling £	34,437	...	...	...	...	...

138. The accounts of the Government of India are prepared on a sterling basis, the rupee transactions in India being converted into pounds at the rate of ₹15=£1 and then added to the sterling transactions in England; and the comparatively small sums which have to be brought to account owing to the fact that the remittances to defray the net expenditure in England are not effected at exactly sixteen pence to the rupee are shown under this head.

139. In the current year the average rate to be obtained on the net remittance of funds from India to England is estimated at £1=₹14·923, and there is accordingly a gain of ₹15·85 lakhs under this head. In the Budget estimate for next year, it is usual to assume an average rate of £1=₹15, as it is not possible to forecast with any degree of certainty what the course of exchange will be in the next twelve months. *Revised, 1911-12.* *Budget, 1912-13.*

XXV AND 32.—MISCELLANEOUS.

EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. Remittance charges mainly in connection with movements of Government funds	3,76,118	2,92,110	3,99,193	4,02,000	4,50,000	3,87,000
2. Special Commissions of enquiry	2,02,309	15,443	678	...	8,000	8,000
3. Other charges:						
(*a*) in the Frontier Province	20,982	20,772	51,758	35,000	23,000	27,000
(*b*) elsewhere	2,56,567	4,48,033	5,71,730	7,45,000	4,81,000	7,80,000
Total	8,61,976	7,82,358	10,23,650	11,82,000	9,62,000	12,02,000
Provincial.						
1. Central Provinces	1,42,849	1,06,647	93,657	1,26,000	1,25,000	1,38,000
2. Burma	3,53,830	3,89,035	4,79,926	4,34,000	5,73,000	4,90,000
3. Assam	...	...	...	...	...	3,47,000
4. Bengal (new)	...	...	...	...	...	8,13,000
5. Behar	...	...	...	...	...	1,23,000
6. United Provinces	20,61,581	13,63,207	6,57,232	1,44,000	1,95,000	1,47,000
7. Punjab	3,15,016	3,12,859	3,17,888	3,16,000	3,91,000	4,26,000
8. Madras	4,15,740	3,69,245	3,77,684	4,24,000	3,88,000	4,34,000
9. Bombay	2,90,939	2,80,843	3,94,007	6,21,000	17,96,000	4,81,000
Eastern Bengal and Assam	7,53,456	5,93,878	6,25,371	6,54,000	6,34,000	...
Bengal (old)	5,69,379	3,93,697	3,50,909	6,03,000	3,94,000	...
Total	49,08,796	38 17,411	32,96,674	33.22 000	43,96,000	33,99,000
TOTAL INDIA . R	57,70,772	45,99,769	43,20,333	45,04,000	53,58,000	46,01,000
Equivalent in Sterling £	384,718	306,652	288,022	300,300	357,200	306,700
England . . £	36,361	50,878	31,370	26,500	32,000	31,500
TOTAL . £	421,079	357,530	319,392	326,800	389,200	338,200

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. India General	6,34,281	5,21,811	5,39,945	13,05,000	13,04,000	4,93,000
2. Baluchistan		...	7,738	8,000	8,000	8,000
3. North-West Frontier	1,24,594	1,20,077	1,29,781	1,25,000	1,42,000	1,42,000
4. Other Provinces	4,74,273	6,03,324	8,41,284	3,67,000	5,89,000	4,95,000
Total	12,33,148	12,45,212	15,18,748	18,05,000	20,43,000	11,38,000
Provincial.						
1. Central Provinces	1,53,878	6,88,715	2,78,708	1,37,000	1,54,000	1,51,000
2. Burma	1,36,147	74,033	1,06,094	66,000	70,000	72,000
3. Assam	...	...	...	...	...	32,000
4. Bengal (new)	...	...	...	...	...	4,87,000
5. Behar	...	...	...	...	...	3,25,000
6. United Provinces	3,05,320	5,03,517	2,27,179	2,75,000	3,23,000	2,75,000
7. Punjab	6,74,494	9,42,339	7,89,241	7,38,000	7,68,000	7,37,000
8. Madras	2,54,479	2,85,386	3,10,584	2,71,000	3,02,000	2,93,000
9. Bombay	75,848	3,83,023	84,079	93,000	71,000	1,20,000
Eastern Bengal and Assam	3,23,102	2,60,160	3,02,650	2,65,000	3,06,000	...
Bengal (old)	6,34,688	10,09,099	6,57,848	6,82,000	5,97,000	...
Total	25,57,956	41,46,272	27,56,383	25,27,000	25,91,000	24,92,000
TOTAL INDIA R	37,91,104	53,91,484	42,75,131	43,32,000	46,34,000	36,30,000
Equivalent in Sterling £	252,740	359,432	285,009	288,800	308,900	242,000
England . . £	32,386	14,565	29,653	20,000	22,300	16,300
TOTAL . £	285,126	373,997	314,662	308,800	331,200	258,300

140. Charges in connection with the remittance of Government treasure are Imperial in all provinces; so is the discount paid, or the premium levied, in connection with the sale of bills at treasuries and currency offices to facilitate trade remittances of funds. The only other important items of Imperial revenue or expenditure realised or incurred in the various provinces under this head are those of an extraordinary character exceeding R10,000 in amount.

EXPENDITURE.

(*a*) *India—Imperial.*

141. The Revised estimate for 1911-12 is ₹2·20 lakhs less than the Budget. The reserve provision of ₹5 lakhs made in the latter under this head, for unforeseen charges, has been appropriated to meet necessary and sanctioned outlay mostly under other heads of account; but the resultant decrease under this head is partly counterbalanced by an excess expenditure of ₹2·17 lakhs on the write-off of outstanding balances of certain loans to Native States mainly in connection with the Royal announcement at the Coronation Durbar. The expenditure shown against "Special Commissions of Enquiry" is on account of certain officers placed on special duty to report on measures for furthering the employment of Indians trained in engineering colleges. *Revised, 1911-12.*

142. The Budget estimate for 1912-13 provides for normal charges, as well as for a reserve allotment of ₹5 lakhs for unforeseen expenditure. It does not differ materially from the Budget grant for the current year. *Budget, 1912-13.*

(*b*) *India—Provincial.*

143. The total Revised estimate for the current year exceeds the Budget by ₹10·74 lakhs. There is an increase of ₹11·75 lakhs in Bombay caused mainly by the write-off of irrecoverable *takavi* and the remission of the debts of certain non-jurisdictional estates in Kathiawar and Gujerat consequent on the Royal announcement at the Coronation Durbar; and of ₹1·39 lakhs in Burma owing to the payment of special contributions to the Rangoon Municipality and to the Telegraph Department. There is also a smaller excess in the United Provinces due to larger remissions of *takavi*. On the other hand, there is a decrease of ₹2·09 lakhs in Bengal, caused chiefly by the record under the proper heads of account of expenditure incurred from the reserve provision of ₹2·07 lakhs made under this head; and less important savings in Budget grants are expected in the remaining provinces. *Revised, 1911-12.*

144. The total Budget for 1912-13 is ₹9·97 lakhs less than the Revised estimate of the current year. There is a decrease of ₹13·15 lakhs in Bombay owing mainly to the absence of the special expenditure incurred in the current year in connection with the remission of the debts of certain Native States and the payment of arrear municipal taxes on Government buildings and lands in Bombay city. But this is partly counterbalanced by increases of ₹2·55 lakhs in Assam, Bengal and Behar, caused chiefly by reserve provisions for unforeseen charges; and of ₹1·35 lakhs in the Punjab due to a similar provision as well to a lump allotment for raising the pay of low-paid clerks. *Budget, 1912-13.*

(*c*) *England.*

145. The increase of £5,500 in the current year over the Budget estimate occurs chiefly in the miscellaneous charges connected with the supply of stores to India. The Budget for 1912-13 practically repeats the Revised estimate for 1911-12. *Revised, 1911-12.* *Budget, 1912-13.*

REVENUE.

( ) *India—Imperial.*

146. The increase of ₹2·38 lakhs in the Revised estimate for 1911-12 over the Budget is chiefly due to higher receipts on account of premia on bills caused by the increased activity of trade, and to certain extraordinary receipts obtained from the sale of lands in the Punjab and from other sources in Bombay and the United Provinces. The absence of the extraordinary receipts in the last two provinces and of the special receipt of ₹8·21 lakhs obtained in the current year from the sale of Government land to the Port Commissioners at Calcutta, accounts mainly for the falling-off of ₹9·05 lakhs in the Budget estimate for 1912-13 as compared with the Revised for 1911-12. *Revised, 1911-12.* *Budget, 1912-13.*

(*b*) *India—Provincial.*

147. There is no material variation between the Budget and Revised Estimates of the current year or between the latter and the Budget Estimate for 1912-13.

(*c*) *Home.*

148. The Revised Estimate for 1911-12 does not differ materially from the Budget. The falling-off in 1912-13 is anticipated in the receipts in respect of diplomatic and consular services in Persia.

33 TO 36.—FAMINE RELIEF AND INSURANCE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
INDIA.						
Famine Relief { Imperial	86,25,475	9,02,639	34,789	...	12,89,000	20,02,000
Famine Relief { Provincial	62,55,702	2,93,728	252	...	2,000	...
Construction of Protective Railways	1,048	1,80,226	4,00,969	9,00,000	6,88,000	4,04,000
Construction of Protective Irrigation Works	59,12,632	63,05,659	52,71,178	59,61,000	57,38,000	67,23,000
Reduction or Avoidance of Debt	37,50,000	71,30,068	90,16,422	75,00,000	69,98,000	54,98,000
TOTAL INDIA ₹	2,45,44,857	1,48,12,320	1,47,23,610	1,43,61,000	1,47,15,000	1,46,27,000
Equivalent in Sterling £	1,636,324	987,488	981,574	957,400	981,000	975,100
ENGLAND.						
Construction of Protective Railways	...	...	10,164	40,000	15,000	16,400
Construction of Protective Irrigation Works	8,855	12,512	8,262	2,600	4,000	8,500
TOTAL INDIA AND ENGLAND	1,645,179	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

Revised, 1911-12.

149. The Revised estimate for the current year shows an outlay of ₹12·91 lakhs under the head "Famine Relief." The bulk of this occurs in Bombay (₹11 lakhs) and represents expenditure on actual relief operations in the northern districts of the Presidency; and the remainder, *viz.*, ₹1·91 lakhs, represents expenditure incurred in some of the other provinces chiefly in connection with the supply of fodder to famine-stricken districts or the formation of a reserve of famine tools. The amount available for famine insurance accordingly amounts to ₹137·09 lakhs, of which ₹67·11 lakhs will be spent on Protective works and ₹69·98 lakhs appropriated for the reduction or avoidance of debt.

Budget, 1912-13.

150. In the Budget estimate for 1912-13 provision has been made as usual for a total grant of ₹150 lakhs under this group head. A moiety of this sum will be allotted for the construction of Protective works. Out of the other moiety ₹20·02 lakhs will be required for actual famine relief expenditure, mainly in Bombay (₹18·90 lakhs) and Ajmer-Merwara (₹1·10 lakhs); and the remainder, *viz.*, ₹54·98 lakhs, will be utilised for the avoidance of debt. Of the last-named sum, ₹37·50 lakhs appear in the Provincial section of the estimates as a result of the arrangements explained in the Financial Statement for 1907-08.

CONSTRUCTION OF PROTECTIVE RAILWAYS.

151. There is a lapse of ₹5·87 lakhs in the Budget grant for 1911-12. The whole of the grant for Protective Railways in 1912-13 will again be spent on outlay on the Dharmapuri-Hosur extension of the Morappur-Dharmapuri Railway in the Madras Presidency.

CONSTRUCTION OF PROTECTIVE IRRIGATION WORKS.

Revised, 1911-12.

152. In the Budget estimate for 1911-12, a total allotment of ₹78 lakhs was made for outlay on Protective Irrigation works. Of this sum ₹60 lakhs represented the amount available from the Famine Insurance grant for this purpose, and the balance of ₹18 lakhs was the supplementary provision made from the general resources of Government to foster the rapid development of this important class of works. The latter provision was shown under a new head opened in the Irrigation section of the estimates. The probable expenditure, according to the Revised estimate, will, however, amount to ₹57·98 lakhs only, chiefly in consequence of slow progress of work on the Tandula canal in the Central Provinces, the Tribeni canal in Behar and the Dhasan canal and Gangao dam in the United Provinces, due to scarcity of labour and other causes. The whole of this outlay will appear in the Famine Relief and Insurance section of the accounts, and the whole of the grant (₹18 lakhs) provided in the Irrigation section will lapse.

153. In the Budget estimate for 1912-13 the total allotment for Protective Irrigation works amounts to ₹75 lakhs, of which ₹68·5 lakhs represent the amount available from the Famine Insurance grant for this purpose. The balance, *viz.*, ₹6·5 lakhs, has been provided under the special head in the Irrigation section of the estimates. The distribution of the total sum of ₹75 lakhs is given in the table below: *Budget, 1912-13.*

	1911-1912.		Budget, 1912-1913.
	Budget.	Revised.	
1. Central Provinces:	₹	₹	₹
(i) Tandula Canal	18,45,000	9,48,000	18,45,000
(ii) Tank projects	7,75,000	6,51,000	7,93,000
(iii) Other projects, etc.	80,000	52,000	1,62,000
2. Bengal	6,000	6,000	15,000
3. Behar:			
(i) Tribeni Canal	9,45,000	6,27,000	7,07,000
(ii) Other projects, etc.	70,000	50,000	53,000
United Provinces:			
(i) Betwa Canal (including Dhukwan weir)	57,000	80,000	26,000
(ii) Ken „ (including Gangao dam)	4,12,000	3,75,000	5,26,000
(iii) Dassan „	3,75,000	2,82,000	2,73,000
(iv) Other projects, etc.	4,56,000	2,98,000	3,75,000
6. Punjab	1,000	...	...
7. Madras	73,000	60,000	2,50,000
8. Bombay:			
(i) Godaveri Canal	14,54,000	14,70,000	7,11,000
(ii) Chankapur Tank	1,02,000	52,000	67,000
(iii) Pravara river project	8,76,000	7,48,000	10,81,000
(iv) Other projects, etc.	1,28,000	90,000	5,87,000
9. Minor administrations	13,000	9,000	9,000
10. Reserve provision	3,32,000	...	2,20,000
Deduct—Allowance for possible lapses in grants	*2,00,000*	...	*2,00,000*
	78,00,000	57,98,000	75,00,000
Deduct—Amount provided in the Irrigation section (*vide* page 92) outside the Famine Insurance Grant	18,00,000	...	6,50,000
Net provision under head "35.—Construction of Protective Irrigation Works"	60,00,000	57,98,000	68,50,000

154. Large allotments have been again made in the Budget of 1912-13 for the Tandula, Tribeni and Godaveri canals, the Gangao dam and the Pravara project. The sum shown against "Other projects" in the United Provinces includes ₹2·20 lakhs for the Ghori Nadi storage scheme and the Ghagar canal in the Mirzapur district; while the similar sum entered against Bombay includes a special reserve provision made for the Nira Right Bank canal in the Sholapur district, the project for the construction of which is under the consideration of Government. Of the provision shown against Madras, ₹1·50 lakhs are for the Mopad reservoir project in the Nellore district.

XXVI to XXVIII and 38 to 41—RAILWAY REVENUE ACCOUNT.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget. 1912-1913.
	₹	₹	₹	₹	₹	₹
STATE RAILWAYS—						
Gross Receipts	40,19,98,315	43,38,58,967	45,94,46,336	47,15,03,000	49,73,03,000	48,85,03,000
Deduct :—						
Working Expenses	24,88,83,000	24,32,14,762	24,48,54,428	25,72,00,000	26,24,00,000	26,50,00,000
Surplus Profits paid to Companies, etc.	48,13,330	48,37,249	69,60,184	56,62,000	64,88,000	61,67,000
Net Receipts	14,83,01,985	18,58,06,956	20,76,31,724	20,86,41,000	22,84,15,000	21,73,36,000
Net Revenue equivalent at ₹15 = £1	£ 9,886,799	£ 12,387,130	£ 13,842,115	£ 13,909,400	£ 15,227,600	£ 14,489,100
Interest and capital redemption Charges—						
Interest on Debt	5,535,946	5,653,551	5,842,334	6,199,700	6,254,400	6,513,600
Annuities in purchase of Railways	3,268,132	3,357,708	3,357,634	3,357,800	3,357,400	3,357,800
Sinking Funds	159,491	165,206	171,264	177,700	177,700	184,300
Interest chargeable against Companies on Advances	478,802	473,640	425,351	426,900	408,000	427,600
Interest on Capital deposited by Companies	1,649,196	1,894,316	2,007,339	1,820,800	1,825,600	1,862,700
	11,091,567	11,544,421	11,803,922	11,982,900	12,023,100	12,346,000
Net Result	—1,204,768	842,709	2,038,193	1,926,500	3,204,500	2,143,100
GUARANTEED RAILWAYS—						
Net Result	—13,704	1,716	710	...	...	...
Other Receipts	72,203	58,296	39,346	54,200	56,800	51,100
Other Charges	95,981	77,799	60,753	130,900	138,700	172,300
Net Result	—23,778	—19,503	—21,407	—76,700	—81,900	—121,200
TOTAL NET RESULT	—1,242,250	824,922	2,017,496	1,849,800	3,122,600	2,021,900
Redemption of capital from revenue	719,659	760,398	786,187	811,800	812,882	842,135
STATISTICS—						
State Railways—						
Capital Expenditure to March 31—						
Expenditure by Government	171,952,226	175,857,946	188,434,371	194,084,746	195,448,171	203,331,671
Expenditure by Companies	43,887,369	45,950,494	44,478,124	47,567,394	45,345,024	46,508,324
Outlay on the East Indian Railway from Debentures raised by the Company	12,127,842	14,587,268	14,587,268	15,944,768	14,587,268	14,587,268
Outlay on the South Indian Railway by the Company	1,513,816	1,513,816	1,513,816	1,513,816	1,513,816	1,513,816
Outlay on the Bombay, Baroda and Central India Railway by the Company	959,364	959,364	959,364	959,364	959,364	959,364
Outlay on the Great Indian Peninsula Railway by the Company	958,880	958,880	3,253,158	3,253,180	3,253,158	3,253,158
TOTAL	231,399,497	239,827,768	253,226,101	263,323,268	261,106,801	270,153,601
Miles open on April 1	23,643	24,066	24,525	24,783	24,870	25,215

155. The Gross Receipts and Working Expenses of State Railways include the following figures on account of the Jorhat State Railway in Assam which is the only line whose transactions are recorded in the Provincial section of the accounts :—

	Accounts, 1908-09.	Accounts, 1909-10.	Accounts, 1910-11.	Budget, 1911-12.	Revised, 1911-12.	Budget, 1912-13.
	R	R	R	R	R	R
Gross Receipts . .	97,592	95,895	95,331	1,00,000	1,05,000	1,00,000
Working Expenses . .	80,960	96,184	80,826	85,000	83,000	85,000

NET TRAFFIC RECEIPTS.

156. The Budget estimate for the current year provided for an advance of about R1$\frac{1}{3}$ crores in the Gross Receipts of State Railways on the basis of normal agricultural and trade conditions and of the traffic expected from the Royal visit and the increase in the open mileage. The traffic returns have considerably outrun expectations, owing partly to the favourable economic conditions which have generally prevailed throughout the year and partly to a brisker Durbar traffic; and the Revised estimate of receipts shows an increase of R258 lakhs over the Budget estimate. All the principal lines share in this improvement. More than half of it is obtained from three lines, *viz.*, the East Indian, the Great Indian Peninsula and the Bombay, Baroda and Central India Railway systems, on all of which there has been a large improvement in both the coaching and the goods traffic due principally to the Delhi Durbar, as well as to larger movements of coal, grain and seeds on the first-named line and of cotton, wheat, linseed and food grains on the other two railways. Important increases also occur in the earnings of the Eastern Bengal State Railway owing mainly to a better jute traffic; of the South Indian Railway caused by a more rapid development in the passenger and the goods traffic; of the North Western Railway due to additional traffic in connection with the Delhi Durbar; of the Oudh and Rohilkhand Railway owing to an improvement in both the ordinary and the Durbar traffic as well as to the opening of the Allahabad-Rai Bareli-Cawnpore Railway; and of the Bengal Nagpur Railway caused chiefly by larger movements of coal.

Revised, 1911-12.
Gross Receipts.

157. The Revised estimate of Working Expenses exceeds the Budget grant by R52 lakhs. Of this increase, R27 lakhs are caused by the payment of the Royal bonus to the employés of all State Railways, including those worked by Companies, and the balance is due mainly to the heavier traffic handled.

Working Expenses.

158. The increase of R8·26 lakhs in the provision for the payment of surplus profits to Companies is a concomitant of the improvement in the net revenue.

Payment of Surplus profits, etc.

159. The Budget estimate of Gross Receipts in 1912-13 is taken at R88 lakhs less than the Revised estimate of 1911-12. It is not considered prudent, in view of the heavy growth which has taken place in the ordinary revenue in the current year, to provide for a further advance next year. On the other hand, some allowance has been made for the absence of an extra day's earnings in February and of the special traffic obtained in the current year from the Royal visit and the Coronation Durbar.

Budget, 1912-13.
Gross Receipts.

160. In spite of the decrease in the Gross Receipts and the absence of the Royal bonus payment, the grant for Working Expenses in 1912-13 exceeds the Revised estimate for the current year by R26 lakhs. The increase is mainly due to enhanced provision for necessary renewals of permanent-way and rolling-stock and the strengthening of bridges. The Budget estimate also allows for a decrease of R3·21 lakhs in the payment of Surplus Profits to Companies, etc., following on the decrease which is anticipated in the net earnings in the estimates for 1912-13.

Working Expenses

Payment of Surplus profits, etc.

INTEREST CHARGES.

161. The rise in expenditure in 1911-12, as compared with the Budget estimate, under Interest on Debt is due partly to variation in the rate of interest charged on certain loan funds (*vide* paragraph 69), and partly to an increase in the amount of funds supplied by Government for capital expenditure on State Railways consequent on the failure to arrange an issue of East ian Railway

Revised, 1911-12.

debenture capital for which provision had been made in the Budget. The decrease n Interest on Capital deposited by Companies arising from the latter cause, is more than counterbalanced by the larger interest paid by the Bengal Nagpur Railway on a higher overdraft of capital. On the other hand, there is a decrease in Interest charged against Companies on advances due mainly to a smaller demand for funds for capital outlay on certain extensions of the Bengal Nagpur Railway.

Budget, 1912-13. 162. The increase in the total interest charge in 1912-13 is a result of the growth in the capital cost of Railways.

OTHER RECEIPTS.

163. The figures show little variation and call for no remark. The receipts shown under this head represent recoveries from the Travancore Darbar of its share of the loss on the Travancore Branch of the South Indian Railway the Government share of the surplus profits of the Rohilkhand-Kumaon, Southern Punjab and Amritsar-Patti Railways payable under the terms of their respective contracts; dividends on certain shares of the Ahmedabad-Dholka Railway allotted to the Government in repayment of expenditure incurred by it on behalf of the Railway; and sale-proceeds of land relinquished by Railway Companies.

OTHER CHARGES.

164. These consist of cost of land required by certain companies, the contracts with which provide for the free supply of all land wanted for the purposes of the railways undertaken by them, and of miscellaneous items such as surveys and controlling establishments (including the Railway Board). A share of the cost of control is charged to the working expenses of each railway company and the recoveries thus made are adjusted by deduction from the miscellaneous expenditure. The details are :—

		Accounts, 1910-11.	1911-12. Budget.	1911-12. Revised.	1912-13. Budget.
Imperial.					
1. Subsidised Companies—Land		3,79,498	15,20,000	14,59,000	18,00,000
2. Miscellaneous expenditure		4,78,990	4,27,000	5,95,000	7,60,000
Provincial.					
1. Subsidised Companies—Land		44,616	6,000	15,000	19,000
2. Miscellaneous expenditure (Surveys)		8,184	10,000	11,000	7,000
TOTAL	R	9,11,288	19,63,000	20,80,000	25,86,000
	£	60,753	130,900	138,700	172,300

Land.—There is a lapse in the Imperial Budget grant for the current year mainly in the provision for the Jullundur-Doab Railway. The principal allotments made in 1912-13 are for the Jullundur-Doab, Bengal and North-Western and Mandra-Bhon Railways.

Revised, 1911-12. *Miscellaneous Expenditure.*—The increase in the Revised Estimate for 1911-12 as compared with the Budget is due to the decision to charge to this head the cost of the office of the Accountant General, Railways, provision for which was made in the Budget under "18.—General Administration." The

Budget, 1912-13. Budget for 1912-13 is made up as follows :—

Allotment for Surveys	7,50,000
Charges of the Railway Board and other establishments	15,91,000
Deduct—Recoveries from Railway Companies on account of cost of supervision	—15,81,000
TOTAL	7,60,000

XXIX—XXX AND 42, 42-A and 43.—IRRIGATION.

IRRIGATION.	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
MAJOR WORKS.	₹	₹	₹	₹	₹	₹
Revenue — Direct Receipts	3,37,14,356	3,46,06,161	3,43,20,758	3,46,79,000	3,57,03,000	3,43,87,000
Revenue — Land Revenue	1,63,65,668	1,67,60,820	1,76,70,078	1,90,04,000	2,03,04,000	2,07,64,000
Expenditure — Working Expenses	1,55,48,826	1,64,13,166	1,66,44,319	1,64,82,000	1,70,80,000	1,65,88,000
Expenditure — Interest	1,36,25,073	1,42,53,680	1,50,45,994	1,58,60,000	1,58,65,000	1,68,45,000
NET REVENUE IN INDIA ₹	2,09,06,125	2,07,00,135	2,03,00,523	2,13,41,000	2,30,62,000	2,17,18,000
Equivalent in Sterling £	1,393,741	1,380,009	1,353,369	1,422,700	1,537,400	1,447,900
Expenditure in England (Interest) £	108,989	108,465	112,344	112,300	116,600	118,500
NET REVENUE £	1,284,752	1,271,544	1,241,025	1,310,400	1,420,800	1,329,400
CONSTRUCTION OF PROTECTIVE WORKS £	...	...	...	120,000	...	43,300
MINOR WORKS.						
Receipts—Direct	32,90,007	35,35,360	34,26,980	36,78,000	36,51,000	36,65,000
Expenditure	1,34,28,947	1,35,14,021	1,32,72,185	1,43,21,000	1,29,31,000	1,38,45,000
NET EXPENDITURE IN INDIA ₹	1,01,38,940	99,78,661	98,45,205	1,06,43,000	92,80,000	1,01,80,000
Equivalent in Sterling £	675,929	665,244	656,348	709,500	618,600	678,700
Expenditure in England £	...	...	290	500	900	1,200
NET EXPENDITURE	675,929	665,244	656,638	710,000	619,500	679,900
STATISTICS OF MAJOR WORKS.						
Capital Outlay to March 31 ₹	46,10,84,886	48,38,58,606	50,70,02,625	53,39,67,675	53,66,58,000	56,51,80,500
Equivalent in Sterling £	30,738,992	32,257,240	33,800,175	35,597,845	35,777,200	37,678,700

General Result. *Major Irrigation.*

165. Taking India as a whole, the net financial result of the working of Major Irrigation works in 1911-12 will be better than the Budget forecast by £110,400 (₹16·56 lakhs). There is an improvement of ₹10·24 lakhs in the Direct Receipts and of ₹13 lakhs in the share of Land Revenue, but ₹6·68 lakhs of this are required to meet increase in expenditure. A diminution of £91,400 (₹13·72 lakhs) in the net profit is likely to take place next year. Allowance has been made for a possible decline of ₹8·56 lakhs in the Gross Revenue; and though the provision for Working Expenses is taken at ₹4·92 lakhs less than the current year's expenditure, there is a large growth of ₹10·08 lakhs in the interest charges in consequence of the considerable outlay now being incurred on new projects in the Punjab and elsewhere, the benefits of which will not be realised for some time to come.

Minor Irrigation.

The net result under Minor Irrigation works in 1911-12 is slightly better than the Budget estimate, an unimportant fall in revenue being more than counterbalanced by a considerable saving in the expenditure; the estimate for next year provides for a small growth in the receipts and for a much larger increase in the expenditure.

166. The figures for Land Revenue due to Irrigation have already been examined in paragraphs 7 and 8 along with those for Land Revenue proper. The details of the other heads are exhibited in the following tables.

XXIX AND 42.—MAJOR WORKS.

Direct Receipts.

IRRIGATION.	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	Budget, 1912-1913.
Imperial.						
1. Central Provinces .	34,638	31,580	57,701	80,000	63,000	85,000
2. Burma . . .	5,91,688	8,10,710	8,20,748	11,50,000	9,74,000	10,52,000
3. United Provinces .	1,25,727	3,50,824	3,21,223	3,27,000	3,15,000	2,62,000
4. North-West Frontier	7,20,259	7,52,119	7,16,876	8,00,000	7,50,000	7,50,000
Total .	14,72,312	19,45,233	19,16,548	23,57,000	21,02,000	21,49,000
Divided and Provincial.						
1. Bengal . . .	...	...	...	...	...	2,63,000
2. Behar . . .	...	...	...	...	...	22,87,000
3. United Provinces .	94,71,901	88,74,549	83,34,478	84,58,000	82,72,000	75,57,000
4. Punjab . . .	1,86,79,549	1,93,96,790	1,99,88,912	1,97,70,000	2,13,32,000	2,05,25,000
5. Madras . . .	4,73,820	4,21,018	2,68,820	2,75,000	2,60,000	2,64,000
6. Bombay . . .	9,82,954	12,66,051	12,48,238	12,69,000	12,17,000	13,42,000
Bengal (old) . .	26,33,820	27,02,520	25,63,762	25,50,000	25,20,000	...
Total .	3,22,42,044	3,26,60,928	3,24,04,210	3,23,22,000	3,36,01,000	3,22,38,000
TOTAL ₹	3,37,14,356	3,46,06,161	3,43,20,758	3,46,79,000	3,57,03,000	3,43,87,000
Equivalent in Sterling £	2,247,624	2,307,077	2,288,051	2,311,900	2,380,200	2,292,500

WORKING EXPENSES.

Imperial.						
1. India General (Reserve Provision) .	...	...	...	3,08,000	...	1,63,000
2. Central Provinces .	23,181	23,106	29,600	40,000	40,000	70,000
3. Burma . .	2,01,983	2,19,178	2,61,250	3,25,000	3,25,000	4,43,000
4. United Provinces .	2,02,978	2,35,640	2,49,611	3,17,000	3,57,000	4,28,000
5. North-West Frontier	2,12,192	2,63,153	3,15,664	2,30,000	3,00,000	2,70,000
Total .	6,40,334	7,41,077	8,56,125	12,20,000	10,22,000	13,74,000
Divided and Provincial.						
1. Bengal . . .	...	...	...	...	...	2,26,000
2. Behar . . .	...	...	...	...	...	12,23,000
3. United Provinces .	33,04,066	34,63,138	32,06,415	31,94,000	32,36,000	30,18,000
4. Punjab . . .	69,07,873	75,32,165	74,15,045	69,76,000	79,31,000	71,16,000
5. Madras . .	21,24,692	21,64,886	23,57,219	23,30,000	21,50,000	22,43,000
6. Bombay .	11,74,714	10,49,428	13,53,730	13,12,000	12,94,000	13,88,000
Bengal (old) . .	13,97,147	14,62,472	14,55,185	14,50,000	14,47,000	...
Total .	1,49,08,492	1,56,72,089	1,57,88,194	1,52,62,000	1,60,58,000	1,52,14,000
TOTAL INDIA ₹	1,55,48,826	1,64,13,166	1,66,44,319	1,64,82,000	1,70,80,000	1,65,88,000
Equivalent in sterling £	1,036,589	1,094,211	1,109,621	1,098,800	1,138,700	1,105,900

The Imperial figures shown against the United Provinces represent the transactions of the Betwa, Ken and certain other " protective " canals.

DIRECT RECEIPTS.

(*a*) *Imperial.*

167. The total revenue in 1911-12 is likely to fall short of the Budget by R2·55 lakhs owing mainly to a sanguine estimate of collections on the Mon and Shwebo canals in Burma. The Budget estimate for 1912-13 does not materially differ from the Revised for 1911-12, a small growth of revenue in the Central Provinces and Burma being partly counterbalanced by a decline in the United Provinces, where seasonable rainfall has restricted the demand for *rabi* irrigation. *Revised, 1911-12.* *Budget, 1912-13.*

(*b*) *Divided and wholly Provincial.*

168. The total Revised estimate for 1911-12 shows an increase of R12·79 lakhs over the Budget. There is a large improvement of R15·62 lakhs in the Punjab due mainly to an increased demand for canal water in connection with the *kharif* crops consequent on the late arrival of the monsoon. But there is a decline of R1·86 lakhs in the United Provinces, where the reduction in the receipts in connection with the *rabi* crops, caused by the copious winter rains in the preceding year, is higher than was anticipated, and is only partially counterbalanced by the increased collections arising from the larger demand for canal water in the *kharif* season. In Bengal, Madras and Bombay also, the revenue is expected to fall somewhat below the Budget estimate. *Revised, 1911-12.*

169. The total Budget for 1912-13 is less than the Revised for 1911-12 by R13·63 lakhs. The principal variations contributing to this result are: (1) a decrease of R8·07 lakhs in the Punjab where the abnormal conditions of the current year are not expected to recur; (2) a decrease of R7·15 lakhs in the United Provinces where the copious rainfall in January last has reduced the demand for *rabi* irrigation; and (3) an increase of R1·25 lakhs in Bombay where the estimates have been framed on the basis of a normal rainfall. *Budget, 1912-13.*

WORKING EXPENSES.

(*a*) *Imperia .*

170. The total Revised estimate for 1911-12 falls short of the Budget provision by R1·98 lakhs. The decrease is due to the major portion of the reserve provision having been required to meet the Imperial share of the expenditure in excess of the budget grant on the Punjab canals (*vide* paragraph 171). The increase of R3·52 lakhs in the Budget for 1912-13 over the Revised estimate of the current year is mainly due to a reserve allotment of R1·63 lakhs and to provision for the maintenance charges of works or portions of works which will be opened for irrigation next year in some of the provinces. *Revised, 1911-12.* *Budget, 1912-13.*

(*b*) *Divided and wholly Provincial.*

171. The total expenditure in 1911-12 exceeds the Budget grant by R7·96 lakhs. There is a large excess of R9·55 lakhs in the Punjab due mainly to special expenditure on silting reaches and surface drains on the Western Jumna canal, and water-proofing and puddling work on the Upper Bari Doab canal. A much smaller increase (R ·42 lakh) is also expected in the United Provinces owing chiefly to higher outlay on repairs. But, on the other hand, there is a decrease of R1·8 lakhs in Madras, mainly in the Godavari Delta system where the progress of works has been considerably retarded by rain; and less important savings occur in Bombay and Bengal in consequence of lapses or transfers of grants. *Revised, 1911-12.*

172. The total Budget for 1912-13 is R8·44 lakhs less than the Revised estimate for 1911-12. Provision has been generally made for a normal scale of expenditure. In Bombay a larger programme of repairs is necessitated by the erosion of the Indus. The reduction in expenditure contemplated in the United Provinces is largely due to economies in establishment and repairs effected after a careful examination of the requirements. *Buaget, 1912-13.*

42A.—EXPENDITURE ON PROTECTIVE IRRIGATION WORKS IN ADDITION TO THAT CHARGED UNDER FAMINE RELIEF AND INSURANCE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912.		Budget, 1912-1913.
				Budget.	Revised.	
India . . R	...	...	...	18,00,000	...	6,50,000
Equivalent in sterling £	...	...	...	120,000	...	43,300

173. The figures have been already explained in paragraphs 152 and 153.

XXX AND 43.—MINOR WORKS AND NAVIGATION.

Revenue.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	1912-1913. Budget.
Imperial.						
1. India General .	21,978	23,724	23,215	28,000	16,000	25,000
2. Baluchistan . .	15,424	45,833	25,060	1,000	46,000	70,000
3. Punjab . . .	6,35,982	7,85,999	8,61,662	8,00,000	8,00,000	7,60,000
Total .	6,73,384	8,55,556	9,09,937	8,29,000	8,62,000	8,55,000
Divided and Provincial.						
1. Central Provinces .	21,138	19,210	31,673	35,000	26,000	35,000
2. Burma . . .	10,98,434	11,75,072	10,05,119	13,30,000	12,00,000	12,50,000
3. Assam . .	...	...	...	...	...	...
4. Bengal (new) . .	...	...	...	...	...	6,45,000
5. Behar . . .	...	...	...	...	...	83,000
6. United Provinces .	1,62,215	1,69,725	1,60,020	1,30,000	1,69,000	1,46,000
7. Punjab . . .	39,200	52,139	62,456	56,000	61,000	61,000
8. Madras . .	2,09,090	2,47,299	2,08,406	2,66,000	2,29,000	2,15,000
9. Bombay .	4,04,806	3,50,825	3,57,404	3,28,000	3,50,000	3,75,000
Eastern Bengal and Assam . .	127	14	74	...	...	...
Bengal (old) . .	6,81,613	6,65,520	6,91,891	7,04,000	7,54,000	...
Total .	26,16,623	26,79,804	25,17,043	28,49,000	27,89,000	28,10,000
TOTAL . ₹	32,90,007	35,35,360	34,26,980	36,78,000	36,51,000	36,65,000
Equivalent in Sterling £	219,334	235,691	228,465	245,200	243,400	244,300

Expenditure.

Imperial.						
1. India General .	81,898	1,14,102	1,01,264	7,58,000	97,000	8,02,000
2. Baluchistan . .	2,60,068	2,90,524	3,83,355	86,000	2,95,000	1,06,000
3. Punjab . . .	10,86,050	9,94,141	10,47,668	10,83,000	10,02,000	10,10,000
4. North-West Frontier	32,930	49,739	90,069	70,000	48,000	58,000
Total . .	14,60,946	14,48,506	16,22,356	19,97,000	14,42,000	19,76,000
Divided and Provincial.						
1. Central Provinces .	5,57,337	4,89,887	4,53,536	6,00,000	6,00,000	6,00,000
2. Burma . . .	14,69,007	11,33,352	13,02,074	14,50,000	14,39,000	14,60,000
3. Assam . . .	...	...	...	...	...	72,000
4. Bengal (new) . .	...	...	...	...	...	16,67,000
5. Behar . . .	...	...	...	...	...	5,03,000
6. United Provinces .	6,76,287	4,74,342	5,35,848	4,06,000	4,87,000	3,39,000
7. Punjab . . .	91,332	69,786	80,897	1,30,000	1,51,000	1,13,000
8. Madras . . .	38,11,129	41,07,925	37,41,377	41,37,000	37,17,000	39,28,000
9. Bombay . .	32,62,529	35,11,195	33,56,346	32,96,000	31,14,000	31,87,000
Eastern Bengal and Assam . .	57,208	1,17,152	1,07,133	1,36,000	1,04,000	...
Bengal (old) . .	20,43,172	21,61,876	20,72,618	21,69,000	18,77,000	...
Total . .	1,19,68,001	1,20,65,515	1,16,49,829	1,23,24,000	1,14,89,000	1,18,69,000
TOTAL INDIA ₹	1,34,28,947	1,35,14,021	1,32,72,185	1,43,21,000	1,29,31,000	1,38,45,000
Equivalent in Sterling £	895,263	900,935	884,813	954,700	862,000	923,000
England . . .	...	....	290	500	900	1,200
GRAND TOTAL .	895,263	900,935	885,103	955,200	862,900	924,200

REVENUE.

(*a*) *Imperial.*

174. The figures show little variation and call for no remark.

(*b*) *Divided and Provincial.*

175. There is no material variation between the total Budget and Revised estimates of the current year or between the latter and the total Budget for 1912-13. In 1911-12 a decline in the collections in Burma, Madras and the Central Provinces is nearly counterbalanced by small improvements in Bengal, the United Provinces and Bombay. In 1912-13 provision has generally been made for normal receipts.

Revised, 1911-12.

Budget, 1912-13.

EXPENDITURE.

(*a*) *Imperial.*

Revised, 1911-12.

176. The Budget estimate of the current year included the usual grant of R5 lakhs in aid of special expenditure entailed by the recommendations of the Irrigation Commission and a reserve provision of R1 lakh to meet unforeseen requirements. R2·09 lakhs out of the special grant are being spent on the Nar Nallah scheme in Baluchistan; while R·81 lakh has been allotted to the Government of the United Provinces for tank restoration works and placed at its credit by an assignment of Land Revenue (*vide* paragraph 17). The balance of the special grant and the whole of the reserve provision will lapse. Savings are also expected in every province in the allotment made in the Budget for expenditure on the minor irrigation and navigation works which are classed as wholly Imperial. These causes account for the decrease of R5·55 lakhs in the Revised estimate of the current year as compared with the Budget.

Budget, 1912-13.

177. The total Budget estimate for 1912-13 exceeds the Revised for 1911-12 by R5·34 lakhs. Allowance has been made for the special grant of R5 lakhs and a reserve of R1·52 lakhs; but no provision exists for the Nar Nallah scheme, as an allotment will be made for it later in the year from the special grant.

(*b*) *Divided and Provincial.*

Revised, 1911-12.

178. The total expenditure in 1911-12 is likely to fall short of the Budget grant by R8·35 lakhs. There is a decrease of R4·20 lakhs in Madras, where heavy rain and the prolonged presence of water in tanks have retarded the progress of expenditure; of R2·92 lakhs in Bengal mainly owing to smaller capital and revenue outlay on the Circular and Eastern canals; and of R1·82 lakhs in Bombay due to a reduction in grants and the non-utilisation of the allotment made for the revision of certain subordinate establishments. On the other hand, there is an increase of R·81 lakh in the United Provinces caused by the expenditure on tank restoration works mentioned above. The variations between the Budget and Revised estimates in the other provinces are unimportant and call for no remark.

Budget, 1912-13.

179. The total Budget for 1912-13 is R3·80 lakhs more than the Revised estimate for the current year. There is an excess of R2·61 lakhs in Assam, Bengal and Behar caused mainly by provision for increased expenditure on the dredging and improvement of the Circular and Eastern canals and on the Madaripur Bhil route, as well as for capital outlay on certain new works; and of R2·11 lakhs in Madras owing to provision for a normal scale of expenditure. But these excesses, as well as increases of less importance in Bombay and Burma, are partly counterbalanced by a decrease of R1·48 lakhs in the United Provinces, due to the absence of the expenditure incurred in the current year from the special Imperial subvention and to a reduction in grants consequent on a scrutiny and revision of projects; and by a smaller decrease in the Punjab.

44.—CONSTRUCTION OF RAILWAYS CHARGED TO PROVINCIAL REVENUES.

		Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912.		1912-1913, Budget.
					Budget.	Revised.	
Provincial.							
Eastern Bengal and Assam . .	R	6,235	18,671	11,928	15,000	21,000	52,000
	£	415	1,245	795	1,000	1,400	3,500

180. The charges represent capital outlay in connection with the Jorhat Railway, and are unimportant in character.

XXXI and 45.—CIVIL WORKS.

EXPENDITURE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	1912-1913, Budget.
Imperial.						
1. India General	33,95,126	20,02,179	23,08,460	32,75,000	26,91,000	31,61,000
2. Baluchistan	8,22,463	8,11,172	9,93,034	8,92,000	8,56,000	9,00,000
3. North-West Frontier	21,42,997	21,45,032	21,54,275	20,95,000	21,09,000	27,61,000
4. Other Provinces	41,41,528	36,53,952	40,49,764	40,61,000	43,42,000	36,49,000
Total	1,05,02,114	86,12,335	95,05,533	1,03,23,000	99,98,000	1 04,71,000
Provincial.						
1. Central Provinces	67,61,314	60,27,432	57,45,570	57,50,000	56,65,000	62,33,000
2. Burma	91,46,868	67,23,437	85,40,240	1,05,39,000	1,00,83,000	86,98,000
3. Assam	...	...	...	...	...	27,58,000
4. Bengal (new)	...	...	...	...	...	94,00,000
5. Behar	...	...	...	...	...	69,66,000
6. United Provinces	55,55,491	62,21,073	70,65,420	68,71,000	68,35,000	74,71,000
7. Punjab	50,43,732	50,24,580	51,27,731	77,89,000	61,44,000	88,23,000
8. Madras	62,48,767	73,97,567	95,37,540	1,10,87,000	1,09,39,000	1,50,74,000
9. Bombay	78,74,693	77,42,683	83,31,664	1,38,82,000	1,38,83,000	76,84,000
Eastern Bengal and Assam	70,80,970	64,83,969	64,30,307	65,05,000	68,09,000	..
Bengal (old)	80,23,375	66,27,302	65,59,036	85,62,000	84,29,000	...
Total	5,57,35,210	5,22,48,043	5,73,37,508	7,09,85,000	6,87,87,000	7,31,07,000
TOTAL INDIA . R	6,62,37,324	6,08,60,378	6,68,43,041	8,13,08,000	7,87,85,000	8,35,78,000
Equivalent in Sterling . £	4,415,822	4,057,358	4,456,203	5,420,500	5,252,300	5,571,900
England . . . . £	80,105	78,548	80,464	80,000	85,500	79,800
TOTAL £	4,495,927	4,135,906	4,536,667	5,500,500	5,337,800	5,651,700

REVENUE.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	1912-1913, Budget.
Imperial.						
1. India General	64,452	80,792	79,646	5,98,000	6,16,000	59,000
2. Baluchistan	33,336	40,919	35,267	35,000	38,000	38,000
3. North-West Frontier	1,24,186	1,39,606	1,42,803	1,36,000	1,41,000	1,41,000
4. Other Provinces	1,99,968	2,48,698	2,32,559	2,12,000	2,47,000	2,09,000
Total	4,21,942	5,10,015	4,90,275	9,81,000	10,42,000	4,47,000
Provincial.						
1. Central Provinces	4,27,537	5,95,280	6,08,888	6,67,000	5,57,000	6,46,000
2. Burma	7,10,320	3,21,908	3,02,151	3,41,000	2,86,000	2,86,000
3. Assam	...	...	...	...	...	1,43,000
4. Bengal (new)	...	...	...	...	...	12,83,000
5. Behar	...	...	...	...	...	2,10,000
6. United Provinces	3,35,912	3,40,318	3,83,019	3,76,000	3,72,000	3,57,000
7. Punjab	6,30,808	4,94,068	4,97,163	5,60,000	6,25,000	5,61,000
8. Madras	2,14,886	2,62,016	2,44,649	2,98,000	2,64,000	2,63,000
9. Bombay	7,56,771	7,53,872	7,23,318	5,97,000	6,99,000	6,18,000
Eastern Bengal and Assam	2,89,510	3,25,434	3,47,302	3,25,000	3,56,000	...
Bengal (old)	5,31,386	4,28,876	5,10,734	8,84,000	6,84,000	...
Total	38,97,130	35,21,772	36,17,224	40,48,000	38,43,000	43,67,000
TOTAL INDIA . R	43,19,072	40,31,787	41,07,499	50,29,000	48,85,000	48,14,000
Equivalent in Sterling £	287,938	268,786	273,833	335,300	325,700	320,900
England . £	...	...	20,000	...	...	...
TOTAL £	287,938	268,786	293,833	335,300	325,700	320,900

181. The Imperial revenue and expenditure shown against "Other Provinces" represent the transactions in connection with the buildings of the various departments (*e.g.*, Salt, Customs, etc.) whose receipts and charges are wholly Imperial.

EXPENDITURE.

(*a*) *India* (*Imperial*) *and England.*

Revised, 1911-12.

182. The total Revised estimate for the current year is less than the Budget by ₹2·43 lakhs. Of this decrease ₹·96 lakh is nominal and is caused by the record under "Scientific Departments" and in the Provincial section of the accounts, of the archæological expenditure incurred respectively by the Director General of Archæology and by the Provincial Governments out of allotments placed at their disposal from the reserve grant of ₹1 lakh provided in the Budget under this head. The lapse in the grant thus amounts to ₹1·47 lakhs. It is chiefly due to a partial utilisation of the reserve provision of ₹4·23 lakhs made in the Budget for unforeseen expenditure. The principal works on which funds were allotted during the year out of the reserve provision are: (1) the construction of a new kitchen in the Government House at Calcutta in consequence of the Royal visit; and (2) the construction of temporary post and telegraph offices at Delhi in connection with the Coronation Durbar.

Budget, 1912-13.

183. In 1912-13 the total Imperial grant has been fixed at ₹79·80 lakhs exclusive of ₹3·58 lakhs allotted for petty expenditure incurred in the Civil Department in the several minor administrations, and of ₹7·30 lakhs and ₹26 lakhs to be spent respectively by the administrations of Baluchistan and the North-West Frontier Province. The purposes to which this grant of ₹79·80 lakhs will be applied are shewn below :—

	₹
1. Establishment and Tools and Plant	14,14,000
2. Repairs	18,00,000
3. Works in progress	11,64,000
4. New works—	
(*a*) Costing up to ₹5,000	8,85,000
(*b*) Costing more than ₹5,000	12,32,000
5. Payments in England on stores, furlough allowances, etc.	11,97,000
6. Reserve provision for archæological expenditure	1,00,000
7. Reserve provision for other unforeseen expenditure	1,88,000
	79,80,000

184. The following is a list of the new works and works in progress in which it is probable that allotments of one lakh or more will be made in the ensuing year :—

Provinces.	Name of work.	Amount of grant.
		₹
Bengal	Extension of the Central Telegraph Office, Calcutta	3,00,000
	Reconstructing the new Stamp and Stationery Office, Calcutta	2,15,000
	Reconstructing the Government Central Press building at No. 166, Dhurrumtollah Street, Calcutta	1,00,000
Punjab	New Council Chamber, Simla	3,00,000
Burma	New Customs House, Rangoon	1,00,000

(*b*) *Provincial.*

Revised, 1911-12.

185. The total Revised estimate for 1911-12 falls short of the Budget provision by R21·98 lakhs. The true lapse in the allotments made in the Budget under this head is much larger and is partly obscured by the record under it of: (1) payments of grants-in-aid to local bodies for water-supply schemes for which provision was made in the Budget estimates of Eastern Bengal and Assam, and Bombay under "24—Medical" and (2) outlay on certain buildings of the education, agricultural and other departments, provision for which was included in the grants of the departments concerned. The increase of R3·04 lakhs over the Budget estimate in Eastern Bengal and Assam is wholly due to this cause. The largest saving occurs in the Punjab (R16·45 lakhs) and is partly due to a restriction in the operations ordered in view of the threatened failure of the monsoon. A considerable lapse of R4·56 lakhs is also expected in Burma owing to a curtailment of grants necessitated by the unfavourable position of the provincial finances. In Madras a considerable saving in the grant for outlay on original works in the Public Works Department due to a slower progress of work on the new buildings required in connection with the Meyer scheme and to other causes, has been partly counterbalanced by special contributions to local bodies for expenditure on roads and bridges.

Budget, 1912-13.

186. The table below compares the details of the grants for 1912-13 in the various provinces, so far as settled at present, with the probable expenditure in the current year.

REVISED, 1911-1912.

[Lakhs of Rupees.

Provinces.	Grants to		Outlay in the Public Works Department on			Other items.*	Total.
	Local Boards and Municipalities	Other local bodies.	Original works.	Repairs.	Establishment charges.		
1. Central Provinces	1·88	..	24·64	19·12	9·87	1·14	56·65
2. Burma	·96	20·00	27·00	32·66	18·50	1·71	100·83
3. Eastern Bengal and Assam	12·48	2·61	26·56	13·32	10·13	2·99	68·09
4. Bengal	20·14	11·50	25·27	17·16	9·67	·55	84·29
5. United Provinces	9·68	...	27·34	20·74	8·75	1·84	68·35
6. Punjab	8·80	...	24·65	15·25	9·10	3·64	61·44
7. Madras	37·30	11·09	37·40	8·50	10·92	4·18	109·39
8. Bombay	8·47	50 00	44·85	18·53	12·70	4·28	138·83
Total	99·71	95·20	237·71	145·28	89·64	20·33	687·87

BUDGET, 1912-1913.

1. Central Provinces	2·27	..	27·45	21·25	10·00	1·36	62·33
2. Burma	...	..	33·17	33·00	18·84	1·97	86·98
3. Assam	2·50	...					27·58
4. Bengal	18·50	13·50	88·21	31·65	22·90	1·98	94·00
5. Behar	12·00	...					69·66
6. United Provinces	7·88	...	35·47	20·82	8·90	1·64	74·71
7. Punjab	7·79	...	52·55	15·50	9·00	3·39	88·23
8. Madras	48·74	22·50	58·55	28·78	10·42	1·75	150·74
9. Bombay	8·02	...	33·92	19·30	12·87	2·73	76·84
Total	107·70	36·00	329·32	150·30	92·93	14·82	731·07

* Include small amounts spent in the Civil Department otherwise than on contributions to local bodies.

The details of the grants for Assam, Bengal and Behar have not yet been worked out, lump allotments being made for total expenditure under this head. The figures entered in the above table are rough approximations based on the estimates for Bengal and Eastern Bengal and Assam.

187. The large increase in Madras (R11·44 lakhs) under "Grants to Local Boards and Municipalities" as compared with the expenditure in the current year is mainly due to provision for increased payment of contributions for sanitary works. The figures shown under "Grants to other local bodies" consist of contributions to the Chittagong Port Trust (R2 lakhs), the Calcutta Improvement Trust (R11·50 lakhs), the Madras Port Trust (R4 lakhs) and the Madras Corporation (18·50 lakhs) for water-supply and drainage works. The grant to the Calcutta Improvement Trust and R12·5 lakhs of that to the Madras Corporation represent contributions from Imperial revenues passed through the Provincial accounts.

188. The allotments made for original works in the Budget estimates for 1912-13 are higher than the probable outlay in the current year in all provinces excepting Bombay, owing to the generally prosperous condition of the provincial finances. The Punjab intends to invest in civil works a portion of its accumulated balances as well as the windfall which it is likely to receive from the sale of proprietary rights in canal colonies; and the grant for original works in 1912-13 exceeds the outlay in 1911-12 by no less than R27·99 lakhs, large allotments being made for the buildings required for the Secretariat, the Lahore Central Jail, the new biological and physics laboratory of the Lahore Government College, and the new Veterinary College, as well as for bridges over the Beas, the Sutlej and the Ravi and for a wheat elevator at Lyallpore. The budget grant for civil works in this province also includes a provision of R3 lakhs for expenditure on Government educational buildings out of the special non-recurring Imperial assignment in aid of education which was made in 1910-11. Provision has been made in Behar for an expenditure of R30 lakhs on initial public works mainly in connection with its capital; in Madras for an expenditure of R8 lakhs on buildings required for the scheme for the redistribution of districts, etc., and also for enhanced grants for municipal works. In the United Provinces it is proposed to push on work in connection with the Lucknow Medical College and Hospital and the new High Court building at Allahabad. In Bombay the outlay on original works will be restricted owing to the adverse effect on the provincial resources of the famine conditions prevailing in parts of the Presidency; and a similar restriction would have been necessary in Burma but for the special Imperial assignment given in the current year for the development of communications.

REVENUE

(*a*) *Imperial.*

189. The Revised estimate for the current year does not differ materially from the Budget. The decrease in the Budget estimate for 1912-13 as compared with the Revised for 911-12 is mainly due to the absence of special receipts which accrued in the current year in connection with the sale of certain investments and buildings.

Revised, 1911-12.

Budget, 1912-13

(*b*) *Provincial.*

190. The total Revised estimate for 1911-12 is R2·05 lakhs less than the Budget forecast. The more important variations consist of (*a*) a decrease of R2 lakhs in Bengal, where the postponement of the receipt of R3·64 lakhs on account of the sale-proceeds of the Sibpur College has been partly counterbalanced by an arrear recovery of the Government share of profits of the Darjiling-Himalayan Railway and the sale-proceeds of certain Government buildings, and of R1·10 lakhs in the Central Provinces owing to a fall in the revenue from the Ballarpur colliery; and (*b*) an increase of R1·02 lakhs in Bombay due to larger receipts from sales of buildings, etc., and from tolls on roads. Provision for normal receipts has generally been made in the Budget estimate for 1912-13 in every province; but Bengal expects to receive R7·14 lakhs on account of the sale-proceeds of the Sibpur College.

Revised, 1911-12.

Budget, 1912-13.

XXXII and 46.—ARMY.

	Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912 Budget.	1911-1912 Revised.	1912-1913, Budget.
EXPENDITURE.						
INDIA—	R	R	R	R	R	R
Effective Services—						
Administration	64,77,619	66,33,250	66,83,360	68,40,310	69,07,000	68,55,270
Military Accounts	23,80,509	26,12,931	29,35,030	28,80,170	29,00,000	28,58,380
Regimental Pay, etc.	11,54,94,353	12,27,90,340	12,30,87,512	12,41,98,710	12,49,89,000	12,23,53,880
Supply and Transport	3,34,24,479	3,21,13,557	3,13,62,808	3,08,05,720	3,01,27,000	3,12,33,340
Veterinary	4,49,102	4,70,215	4,83,010	4,78,330	4,96,000	4,98,160
Clothing	18,29,942	14,70,415	12,67,622	13,66,820	11,70,000	15,45,840
Remounts	57,55,206	50,89,503	58,56,219	50,58,340	48,01,000	48,81,530
Medical Services	59,17,672	58,96,437	59,31,695	59,54,470	58,12,000	59,05,120
Medical Stores	4,85,182	3,32,415	4,71,111	3,25,180	4,54,000	4,18,090
Ordnance	1,17,89,944	1,01,58,145	90,19,530	89,50,890	89,10,000	98,24,480
Ecclesiastical	4,17,001	4,24,433	4,14,306	4,28,890	4,24,000	4,25,730
Education	12,15,280	11,85,757	12,71,489	12,57,380	12,75,000	12,50,490
Compensation for food, etc.	86,09,224	62,66,369	48,22,562	40,00,000	46,29,000	43,29,560
Miscellaneous Services	35,18,633	17,68,262	24,82,495	77,30,870	92,77,000	26,21,000
Hutting	8,43,070	7,31,012	4,39,805	2,00,000	3,28,000	2,00,000
Conveyance by road, river and sea	9,11,765	7,96,838	8,62,827	8,06,080	8,96,000	14,20,420
Conveyance by rail	39,16,297	36,75,923	37,76,339	41,65,760	42,13,000	36,96,750
Cantonments	13,28,994	13,22,530	16,02,327	13,14,080	13,57,000	12,56,960
Unadjusted Expenditure	77,847	−6,19,050	8,08,319	...	...	...
TOTAL	20,46,86,485	20,31,33,282	20,41,48,426	20,67,72,000	20,89,65,000	20,15,75,000
Non-effective Services	1,01,51,545	1,02,58,085	1,05,14,653	1,03,83,000	1,04,17,000	1,04,81,000
TOTAL INDIA	21,48,38,030	21,33,91,367	21,46,63,079	21,71,55,000	21,93,82,000	21,20,56,000
	£	£	£	£	£	£
Equivalent in sterling	14,322,536	14,226,091	14,310,872	14,477,000	14,625,500	14,137,100
ENGLAND—						
Effective Services—						
Payments to War Office for British Forces	901,498	916,057	935,055	934,000	914,000	935,000
Furlough allowances, etc., of British Forces	144,003	140,412	135,116	150,000	139,000	143,000
Consolidated clothing allowance of British soldiers	...	...	17,194	26,900	48,500	15,200
Furlough allowances, Indian Service	354,281	354,527	372,824	370,000	370,000	370,000
Indian Troop Service	327,388	274,685	236,927	305,900	276,200	231,500
Other heads	52,979	39,860	132,846	47,300	62,300	104,000
Clothing Stores	188,885	104,754	63,700	63,200	59,000	54,800
Ordnance and Miscellaneous Stores	310,873	249,225	268,084	349,100	356,000	382,500
Medical Stores	56,729	73,027	86,247	114,400	115,000	89,800
Supply and Transport Stores	48,700	40,548	24,755	43,800	49,000	40,500
Operations in Persian Gulf (Stores)	...	18,287	9,896	...	47,800	17,000
Stores taken to India with Troops	...	...	33,579	48,000	44,700	33,300
TOTAL	2,385,336	2,211,982	2,336,229	2,452,600	2,481,500	2,416,600
Non-effective Services—						
Payments to War Office for British Forces	822,450	859,597	879,875	910,000	898,400	925,000
Pensions, Indian Service	1,476,771	1,434,100	1,432,801	1,430,000	1,430,000	1,430,000
Other heads	170,173	169,411	172,003	175,000	175,000	176,000
TOTAL	2,469,394	2,463,108	2,484,679	2,515,000	2,503,400	2,531,000
TOTAL ENGLAND £	4,854,730	4,675,090	4,820,908	4,967,600	4,984,900	4,947,600
TOTAL EXPENDITURE £	19,177,266	18,901,181	19,131,780	19,444,600	19,610,400	19,084,700
RECEIPTS.	R	R	R	R	R	R
India	78,06,570	84,75,854	95,94,755	94,97,000	1,05,50,000	1,19,42,000
	£	£	£	£	£	£
Equivalent in sterling	520,438	565,057	639,650	633,100	703,400	796,100
England	342,501	412,671	418,999	457,800	474,700	358,800
TOTAL RECEIPTS £	862,939	977,728	1,058,649	1,090,900	1,178,100	1,154,900
TOTAL NET EXPENDITURE £	18,314,327	17,923,453	18,073,131	18,353,700	18,432,300	17,929,800

Revised, 1911-12, compared with Budget, 1911-12. Expenditure—India

191. The Revised estimate of expenditure in India anticipates an excess of R22·27 lakhs (£148,500) over the Budget provision of R21,71·55 lakhs (£14,477,000). This excess is mainly due to the bonus of half a month's pay granted at the Coronation Durbar, which is expected to cost about R24·86 lakhs (£165,700). Owing to the nature of the concession, no provision could be made in the budget of the year, and an extra grant has been sanctioned. Excluding this special item, the expected actuals approximate very closely to the Budget estimates, the result being a small saving of R2·59 lakhs (£17,200). There were, however, a number of important unforeseen charges or other departures from the original estimates, which are summarised below.

The Abor expeditionary force and the Mishmi Mission involved a military outlay of R18·65 lakhs (£124,300); but this was counterbalanced by the curtailment of the military grant for the Durbar (R50·00 lakhs or £333,300) by R19·00 lakhs (£126,700) in consequence of the decision to reduce the number of troops to be concentrated at Delhi and to abandon the intended manœuvres. The despatch of the 39th Central India Horse to Persia cost R2·55 lakhs (£17,000), this also being unforeseen. The food charges exhibit a (relatively) slight excess of R3·03 lakhs (£20,200) arising from the peculiar monsoon conditions.

A further excess of R2·87 lakhs (£19,100) results from the decision to meet at once certain arrear charges for kit allowance to British soldiers in India, and so bring all claims up to date and avoid complicated adjustments as each of the men concerned eventually leaves the country.

The abandonment of the intended manœuvres also made it necessary to restore a portion of the ordinary grant for training, and additional grants were also made for repairs of hutting accommodation, for urgent sanitary works in cantonments, and for further purchases of mules.

On the other hand, the Budget for the current year included under India the whole provision, namely R20·00 lakhs (£133,300), required both at Home and in India for the Arms Traffic Operations, as the Secretary of State had not provided for this service in his own estimates. This has resulted in R12·30 lakhs (£82,000) lapsing on the Indian side as a set-off to the expenditure at Home. The total expenditure on these operations at Home and in India amounted to R17·84 lakhs (£118,900), namely, R10·14 lakhs (£67,600) at Home and R7·70 lakhs (£51,300) in India.

Home.

192. The total army expenditure at Home shows an increase of £17,300 after allowing for £86,000 spent on Ordnance stores required in the coming year. But for these anticipatory purchases there would have been a decrease of £68,700, mainly in consequence of the lapse of £62,000 in the provision of £100,000 for the scheme of artillery re-armament. There was also a considerable saving (£49,700), as a result of ordinary fluctuations, in the expenditure on the Indian troop service and on payments to the War Office in respect of British forces serving in India. On the other hand, as already stated, there was a nominal excess of £67,600 on Arms Traffic Operations, and the payments in respect of clothing allowances for British soldiers rose temporarily by £21,600.

Receipts. India and Home.

193. The Revised Estimate of receipts anticipates an improvement of £87,200, of which £70,300 occurs in India, and is mainly due to sales of surplus Ordnance and Clothing stores, and £16,900 at Home, the improvement in this case representing increased receipts in respect of the Indian Regiments lent to the Colonies.

Net Expenditure.

194. The net expenditure of the year, excluding £165,700 for bonus at the Coronation Durbar, shows a decrease as compared with the Budget provision of £87,100.

Special Expenditure.

195. The total provision for special or "Schedule" expenditure in the Budget of 1911-12 was R48·25 lakhs (£321,600), and it is anticipated that the actuals will amount to R29·42 lakhs (£196,100). A lapse of £84,500 is expected in England owing, as already stated, to the unexpected delay in the supply of the new howitzer and mountain gun equipment, this being partly attributable to patterns not having been finally settled, and partly to manufacturers being unable to supply. The same cause contributed to the lapse which occurred in India, and a further saving on the Indian side resulted from a reconsideration of the proposal to make special additional purchases of remounts for British cavalry.

196. The more important measures and the outlay on each during the current year are stated below approximately in the absence of full details of the Home expenditure on individual measures :—

	Expenditure in 1911-1912. Lakhs.	Equivalent in £
	₹	£
(i) Provision of maxim guns	2·12	14,100
(ii) Extension of dairies	1·23	8,200
(iii) Formation of Signal Companies	1·68	11,200
(iv) Purchase of short rifles	10·33	68,900
(v) Rearmament of Artillery	5·75	38,300
(vi) Reconstitution of reserve of artillery horses	2·51	16,700
(vii) Divisional Artillery Staff for 6 Divisions and an Inspector of Mobile Artillery	0·63	4,200
(viii) Employment of 4 more Lieutenant-Colonels, R. G. A.	0·66	4,400
(ix) New pattern bayonet for British troops	0·96	6,400
(x) New pattern sword for British Cavalry	1·44	9,600

Budget, 1912-13, compared with Revised, 1911-12. Expenditure,— India.

197. The Indian portion of the Army estimate for 1912-13 falls below the expenditure in the current year to the extent of ₹73·26 lakhs (£488,400). The main cause of this large difference is the exclusion of the Coronation expenditure (including bonus) of ₹55·86 lakhs (£372,400) and the approaching conclusion of the Abor Expedition and Mishmi Mission for the winding up of which the Budget Estimate provides ₹5·35 lakhs (£35,600) or ₹13·30 lakhs (£88,700) less than the outlay incurred in the current year. Apart from these special items next year's estimate shows a decrease of ₹4·10 lakhs (£27,300) compared with the Revised of the current year. On the one hand certain special economies—to which further reference will be made later have been ordered as a result of the scrutiny of military expenditure during the current year and a fortuitous saving of ₹8·60 lakhs (£57,300) is expected from the absence of troops in China. On the other, it has been necessary to make fuller provision for the purchase of mules and stores in respect of which expenditure had fallen below a normal standard ; the recent rise in prices necessitates some increase under food charges ; the expansion of farms involves a higher gross expenditure : and the full provision for the training of troops which was partially suspended in the current year in view of the Durbar has been restored.

198. The sum of ₹20·00 lakhs (£133,300) is again provided for the continuance of the Arms Traffic Operations on the same scale as in the current year. Of this amount ₹7·85 lakhs (£52,300) appears on the Indian side and £81,000 in the Home estimates.

Home.

199. The Home estimates for 1912-13 show a decrease of £37,300 as compared with the Revised of the current year. A large reduction (£41,700) has been made in the cost of the Indian Troop Service. The requirements of coal for the Operations in the Persian Gulf are also less (£30,800). On the other hand, the Home provision for the subsidy to the Admiralty for Arms Traffic Operations exceeds the amount taken in the Revised by £44,200, while various fluctuations occur under other heads.

Receipts. Home and India.

200. The anticipated receipts in 1912-13 amount to ₹173·24 lakhs (£1,154,900), *i.e.*, a decrease as compared with the Revised of ₹3·46 lakhs (£23,200). This has been brought about by ordinary fluctuations.

201. The net Army expenditure for 1912-13 is less than the Revised, 1911-12, by £502,500. Under India there is a decrease of £581,100 and under Home an increase of £78,600.

Budget, 1912-13, compared with Budget, 1911-12. India and Home.

202. The gross estimated expenditure for 1912-13 is ₹53·99 lakhs (£359,900) below the Budget figure of the current year. Of this amount ₹50·99 lakhs (£339,900) occur in the Indian and ₹3·00 lakhs (£20,000) in the Home estimates. The receipts show an improvement of ₹9·60 lakhs (£64,000) and the net Army expenditure for 1912-13 is thus expected to fall below the original estimate for 1911-12 by ₹63·59 lakhs (£423,900).

203. The expenditure on Schedule measures incorporated in the Budget of 1912-13, is R42·70 lakhs (£284,700), as compared with R29·42 lakhs (£196,100) in the Revised, and R48·25 lakhs (£321,600) in the Budget, 1911-12. The following are the more important measures to be undertaken or under consideration:—

	Further expenditure proposed in 1912-13 (India and Home).	
	Lakhs.	Equivalent in
(*a*) *Measures in progress.*	R	£
(1) New bayonets	1·47	9,800
(2) Maxim guns	0·44	2,900
(3) Rearmament of artillery	22·50	150,000
(4) Cavalry swords	0·54	3,600
(5) Purchase of short rifles	12·23	81,500
(6) Web equipment	0·97	6,500
(7) Panoramic sights for Mobile Artillery	1·60	10,700
(8) Extension of dairies	0·50	3,300
(*b*) *New Measures.*		
(9) Increase of training grant	1·00	6,700

XXXIII AND 46A.—MARINE.

		Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	1912-1913, Budget.
EXPENDITURE—							
India	R	36,68,571	37,79,010	35,64,182	37,08,000	38,57,000	34,35,000
Equivalent in sterling	£	244,571	251,934	237,612	247,200	257,100	229,000
England	£	232,386	209,223	208,255	200,100	198,100	218,100
Total	£	476,957	461,157	445,867	447,300	455,200	447,100
RECEIPTS—							
India	R	18,81,727	12,51,892	13,76,810	13,56,000	11,89,000	13,66,000
Equivalent in sterling	£	125,448	83,460	91,787	90,400	79,200	91,100
England	£	...	...	...	...	...	...
Total	£	125,448	83,460	91,787	90,400	79,200	91,100
NET EXPENDITURE	£	351,509	377,697	354,080	356,900	376,000	356,000

204. The total expenditure (India and Home) exceeds the Budget by £7,900, and there is a fall in the total receipts to the extent of £11,200; the net expenditure is thus £19,100 more than the Budget.

Revised, 1911-12, compared with Budget, 1911-12. Expenditure, Receipts and Net Expenditure, India and Home.

The increase in Indian expenditure is due chiefly to adjustments in respect of the value of coal imported for the Arms Traffic Operations. The Home expenditure varies very slightly in the aggregate from the Budget. The decrease in receipts in India is due to smaller recoveries for the hire of Royal Indian Marine Vessels.

Special Expenditure.

205. The Budget provided £4,900 for the completion of the dredgers required to clear the approaches to the Bombay Dockyard. The special expenditure anticipated in the Revised is £8,900, the addition being due to the construction of a launch for His Excellency the Viceroy.

Budget, 1912-13, compared with Revised, 1911-12 India and Home

206. The Budget for 1912-13, as compared with the Revised, 1911-12, shows a reduction of £8,100 in expenditure, and an increase of £11,900 in receipts, or a net decrease of £20,000. This is the outcome of an increase in the provision for Marine Stores counterbalanced by a lower provision for ordinary coal requirements and for repairs to Royal Indian Marine vessels. Larger receipts are anticipated for "Dockyard Services and Supplies" to other departments, etc., and for the "Hire of vessels" for conveying troops to China.

Special Expenditure.

The Budget for 1912-13 provides £750 as special expenditure.

XXXIV and 47.—MILITARY WORKS.

		Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	1912-1913, Budget.
ORDINARY.							
EXPENDITURE.							
India	₹	97,63,147	95,09,513	99,55,288	97,12,000	96,88,000	95,23,000
Equivalent in sterling .	£	650,877	633,968	663,686	647,500	645,900	634,900
England . . .	£	29,023	19,041	17,379	15,100	24,600	11,100
TOTAL .	£	679,900	653,009	681,065	662,600	670,500	646,000
RECEIPTS.							
India	₹	8,88,805	11,36,600	10,58,857	10,00,000	11,37,000	10,80,000
Equivalent in sterling .	£	59,254	75,773	70,591	66,700	75,800	72,000
England . . .	£	...	...	...	...	...	...
TOTAL .	£	59,254	75,773	70,591	66,700	75,800	72,000
Net expenditure, Ordinary .	£	620,646	577,236	610,474	595,900	594,700	574,000
SPECIAL DEMANDS.							
EXPENDITURE.							
India	₹	41,31,267	28,47,665	31,09,187	38,43,000	30,57,000	31,35,000
Equivalent in sterling .	£	275,418	189,844	207,279	256,200	203,800	209,000
England . . .	£	12,044	15,489	11,361	5,600	14,900	5,500
TOTAL .	£	287,462	205,333	218,640	261,800	218,700	214,500
TOTAL NET EXPENDITURE .	£	908,108	782,569	829,114	857,700	813,400	788,500

Revised, 1911-12, compared with Budget, 1911-12. India and Home.

Ordinary Expenditure.

207. Under this head, Ordinary expenditure and expenditure on "Special Demands", *i.e.*, on Military Works Schedule measures, are separately compiled in the ordinary course of accounting. Under Ordinary expenditure the Revised anticipates an excess of ₹1·19 lakhs (£7,900), representing an additional grant of that amount given for urgent additional repairs.

Receipts.

208. The Military Works receipts represent the rents derived from military quarters, recoveries for water supply and electrical power, and the sale proceeds of stores. The improvement of ₹1·37 lakhs (£9,100) is mainly due to arrear recoveries of rent for buildings maintained on behalf of the Admiralty, and the sale of military buildings in the abandoned cantonment of Bhuj.

Special Demands. Expenditure.

209. Under Special Demands a decrease of ₹6·46 lakhs (£43,100) is expected, attributable to delay in the settlement of certain new standard types. The bulk of the expenditure has been applied to the improvement of the lines of Indian troops and followers (£85,600), to buildings in progress at Quetta, Risalpur,

and Nowshera, and to meeting the requirements of ordnance establishments. ₹4·76 lakhs (£31,700) will be spent during the year on the new cantonment of Takdah, near Darjeeling, which is now in occupation by a Gurkha battalion.

Net Expenditure.

210. On Military Works expenditure as a whole, a net decrease of ₹6·64 lakhs (£44,300) is expected.

Budget, 1912-13, compared with Budget, 1911-12. India and Home.

211. The Ordinary Military Works grant for 1912-13 has been fixed at ₹96·89 lakhs (£646,000), or ₹2·49 lakhs (£16,600) less than in 1911-12. This has been effected by postponing as far as possible the undertaking of new building works. It includes ₹·35 lakh (£2,300) on account of a contribution work, which will be covered by a corresponding receipt in the Civil estimates.

Ordinary Expenditure. Receipts.

212. The anticipated increase of ₹·80 lakh (£5,300) in receipts, allows for the probable expansion in rental recoveries from quarters.

Special Demands. Expenditure.

213. The provision made for special demands, namely, ₹32·18 lakhs (£214,500) is ₹7·09 lakhs (£47,300) less than that of 1911-12. The bulk of this expenditure has been allotted to the prosecution of the works mentioned in paragraph 209, including ₹13 lakhs (£86,700) for the lines of Indian troops under reconstruction, and ₹1·85 lakhs (£12,300) for hut accommodation in the hills. The allotments for new works amount to ₹3·75 lakhs (£25,000).

Net Expenditure.

214. The net expenditure proposed in 1912-13 is thus ₹10·38 lakhs (£69,200) less than the Budget figure for 1911-12, represented by a decrease of ₹3·29 lakhs (£21,900) under Ordinary, and of ₹7·09 lakhs (£47,300) under Special Demands.

47A.—SPECIAL DEFENCES.

		Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	1912-1913, Budget.
EXPENDITURE.							
India	₹	2,55,230	82,934	38,785	1,01,000	90,000	1,75,000
Equivalent in Sterling .	£	17,015	5,529	2,586	6,700	6,000	11,600
England . . .	£	12,029	23,075	5,401	200	1,000	8,600
TOTAL .	£	29,044	28,604	7,987	6,900	7,000	20,200

Revised, 1911-12.

215. The Revised shows a small increase.

Budget, 1912-13.

A larger grant is proposed in 1912-13, owing to exceptional and urgent requirements having to be met.

Special Expenditure.

The entire charges are treated as special.

MILITARY SERVICES: SUMMARY.

		Accounts, 1908-1909.	Accounts, 1909-1910.	Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	1912-1913, Budget.
EXPENDITURE—							
India . .	₹	23,26,56,245	22,96,10,489	23,13,30,521	23,45,19,000	23,60,74,000	22,83,24,000
Equivalent in Sterling .	£	15,510,417	15,307,366	15,422,035	15,634,600	15,738,300	15,221,600
England .	£	5,140,212	4,911,9 8	5,063,304	5,188,600	5,223,500	5,190,900
Total Expenditure	£	20,650,629	20,219 284	20,485,339	20,823,200	20,961,800	20,412,500
RECEIPTS—							
India . .	₹	1,05,77,102	1,08,64,346	1,20,30,422	1,18,53,000	1,28,76,000	1,43,88,000
Equivalent in Sterling	£	705,140	724,290	802,028	790,200	858,400	959,200
England . .	£	342,501	412,671	418,999	457,800	474,700	358,800
Total Receipts .	£	1,047,641	1,136,961	1,221,027	1,248,000	1,333,100	1,318,000
NET EXPENDITURE	£	19,602 988	19,112 323	19,264,312	19,575,200	19,628,700	19,094,500

216. Certain of the main heads under which important increases and decreases have occurred are enumerated below.

	Budget, 1911-1912.	Revised, 1911-1912, more (+) less (−) than Budget, 1911-1912.	Budget, 1912-1913, more (+) less (−) than Budget, 1911-1912.
	£	£	£
Special Services (Coronation Expenditure including bonus; Abor Expedition and Mishmi Mission; Arms Traffic Operations; and despatch of troops to Persia and China)	(466,600)	+166,000	−343,800
Food charges . . .	(1,515,300)	+20,200	+40,000
Annual Schedule grant . .	(595,300)	−164,600	−75,200
Special economies and temporary avoidances of expenditure (apart from curtailment of annual Schedule grant)	...	...	−116,000
Permanent recurring expenditure entailed by Schedule measures undertaken in 1911-12	...	...	+30,000
TOTAL .	...	+21,600	−465,000
Aggregate gross expenditure (all four military heads) .	(20,823,200)	+138,600	−410,700
Receipts (ditto) .	(1,248,000)	+85,100	+70,000
Aggregate net expenditure (ditto)	(19,575,200)	+53,500	−480,700

217. Summarising the conclusions to which the foregoing figures point, it will be seen, as regards the current year, that the aggregate gross expenditure exceeded the Budget estimate by £138,600, the bulk of which is left to be explained by variations under heads other than those specially mentioned above. Broadly, the excess in gross expenditure is due to extra grants for stores, hutting, etc., which were sanctioned against the improvement of £85,100 in receipts, the net excess being £53,500. As regards the main body of military charges, the original estimates were adhered to in the actuals with unusual closeness, and the same may be said, in effect, of the food charges, which in recent years have been one of the most disturbing features of the Army budget. The principal departures from the estimates—and these to a large extent counterbalance one another—occur under Special Services and Schedule measures. The former head was relieved by the reduced military representation at the Durbar, but the Coronation bonus and the Abor operations involved heavy and unforeseen charges. On the other hand, the Schedule grant was far from being fully spent, owing to retarded progress with the important schemes of artillery rearmament and line construction.

218. For the coming year, notwithstanding some enhancement of the unusually low figure for food charges attained in 1911-12 and the growth of permanent expenditure which results from the Schedule operations of each succeeding year, there is, on the whole, a large reduction of expenditure. This is due not only to the non-recurrence of the grant of £$\frac{1}{3}$ million for Coronation expenditure, but also—and in a material degree—to the special curtailment of the Schedule grant, as the result of a stricter scrutiny into military requirements and to other avoidances of expenditure and permanent economies which are the outcome of the same investigation. The net result of the usual minor fluctuations in established charges has also been in a favourable direction, and, in addition, a substantial improvement of receipts is anticipated. On the other hand, it has been necessary to provide a larger sum for the purchase of stores and mules, and to restore the grant for army training which was suspended in the current year owing to the intended Durbar manœuvres. In the final result, the net military budget, £19,094,500, shows a reduction of £480,700 on that of the current year.

CAPITAL EXPENDITURE ON RAILWAYS AND IRRIGATION AND OTHER WORKS NOT CHARGED TO REVENUE.

RAILWAY CONSTRUCTION.

219. The expenditure on Railway Construction for which the Government of India undertake financial responsibility is now estimated at ₹11,72·76 lakhs in 1911-12, against a Budget grant of ₹14,25 lakhs. There is thus a lapse of ₹2,52·24 lakhs in the Budget allotments; and of this ₹172·75 lakhs occur on State worked lines and purchased lines worked by Companies and the balance ₹79·49 lakhs in the outlay chargeable against the Capital of Indian Railway Companies. More than half of the total lapse, *viz.*, ₹152·24 lakhs, is expected in the provision for the purchase of stores, etc., in England.

220. For 1912-13 the programme of Capital outlay on Railway Construction has been placed at ₹13·50 lakhs, *i.e.*, about ₹1¾ crores higher than the probable expenditure in the current year.

221. The distribution of the total expenditure on Railway Construction between State and Companies' agency in each of the three years from 1910-11 to 1912-13 is as follows:—

		Accounts, 1910-1911.	1911-1912. Budget.	1911-1912. Revised.	1912-1913, Budget.
1. Outlay on State Lines:					
(*a*) India . .	₹	10,58,16,610	8,92,28,000	7,31,42,000	8,38,01,000
	£	7,054,441	5,948,600	4,876,100	5,586,700
(*b*) England . .	£	1,860,764	2,154,600	2,075,400	2,250,000
TOTAL .	£	8,915,205	8,103,200	6,951,500	7,836,700
2. Outlay of Companies:					
(*a*) India . .	₹	—3,88,39,675	71,34,000	23,08,000	27,80,000
	£	—2,589,311	475,500	153,900	185,400
(*b*) England . .	£	1,120,034	921,300	713,000	977,900
TOTAL .	£	—1,469,277	1,396,800	866,900	1,163,300
Total of Programme .	£	7,445,928	9,500,000	7,818,400	9,000,000

The following amounts of outlay in England on account of purchased lines worked by Companies are included in the Indian figures under outlay on State lines:—

£2,115,747 2,897,800 2,170,400 3,240,500

222. The details of the Budget grant for 1912-13 are shown below :—

[Lakhs of rupees.

	Open line.			Construction of	
	Rolling Stock.	Other items.	Total.	Lines in progress.	New lines.
I.—Outlay on State Railways :—					
1. Assam-Bengal :—					
(i) Open line	7·39	12·02	19·41	...	...
(ii) Bhairab Bazar-Tangi	...	...	...	14·25	...
(iii) Kalaura-Sylhet	...	...	...	·82	...
2. Bezwada Extension	...	·02	·02	...	...
2(a). Bengal-Nagpur Railway—chemical laboratory, Kalimati	...	·75	·75	...	...
3. Bombay, Baroda and Central India :—					
(i) Main line	28·75	39·90	68·65	...	...
(ii) Nagda-Muttra	12·00	5·00	17·00	...	...
(iii) Rajputana-Malwa	13·20	11·50	24·70	...	...
(iv) Broach-Jambusar	...	...	...	7·00	...
(v) Bayana-Agra	...	...	...	14·00	
4. Burma Extensions :—					...
(i) Open line	1·51	2·00	3·51	...	...
(ii) Southern Shan States	...	...	...	33·00	...
5. Dhone-Kurnool	...	·30	·30	...	
6. East Indian :—					...
(i) Open line	50·00	57·50	107·50	...	...
(ii) Hugli-Katwa	...	...	...	3·48	...
(iii) Katwa-Barharwa	...	...	...	24·08	
7. Eastern Bengal System :—					...
(i) Open line	36·00	59·71	95·71	...	...
(ii) Rajabhatkhawa-Dalsingpara	...	...	...	4·00	...
(iii) Rangia-Tangla	...	...	...	3·50	...
(iv) Singhjani-Fulchari	...	...	...	5·00	
8. Great Indian Peninsula System :—					...
(i) Main line	58·25	61·77	120·02	...	...
(ii) Itarsi-Nagpur, etc.	...	...	...	62·00	...
(iii) Agra-Delhi Chord	·03	1·80	1·83	...	...
(iv) Bhopal	...	·79	·79	...	6·00
(v) Harbour Branch Extension	...	...	...	...	...
9. Jodhpur-Hyderabad (British Section)	...	·39	·39	...	...
10. Lower Ganges Bridge	...	...	...	75·00	
11. North Western :—					...
(i) Main line	140·67	106·77	247·44	...	...
(ii) Shorkot Road-Chichoki	...	2·57	2·57	...	
(iii) Trans-Indus (Kalabagh-Bannu, etc.)	...	...	...	13·84	...
(iv) Sarai Kala-Havelian	...	...	...	15·00	...
(v) Jakhal-Hissar	...	...	...	10·00	...
(vi) Jullundar-Hoshiarpur	...	...	...	12·00	
12. Oudh and Rohilkhand :—					...
(i) Main line	18·15	12·20	30·35	...	...
(ii) Gujraula-Chandpur	...	·32	·32	...	...
(iii) Allahabad-Rae Bareli-Cawnpur	...	...	...	14·19	...
(iv) Akbarpur-Tanda	...	...	...	·12	...
(v) Dhakia-Sambhal	...	...	...	·35	...
(vi) Cawnpur-Banda	...	...	...	28·00	...
13. South Indian System	38·65	23·52	62·17	...	6·00
14. Bokaro-Ramgarh line, Second Section	...	...	...	...	
15. Tirhoot and extensions :—					...
(i) Open line	7·53	7·92	15·45	...	
(ii) Samastipore-Roserah and Roserah-Kagharia	...	...	...	5·00	...
	412·13	406·75	818·88	344·63	12·00
II.—Outlay of Indian Railway Companies :—					
1. Bengal-Nagpur	36·84	22·70	59·54	42·19	...
2. Burma	8·79	31·11	39·90	...	...
3. Lucknow-Bareilly	...	·16	·16	...	...
4. Madras and Southern Mahratta	7·59	25·11	32·70	...	...
	53·22	79·08	132·30	42·19	...

223. The major portion of the total grant has, as in previous years, been allotted to open line works and rolling stock. Sufficient provision has also been made to allow of a fair rate of progress on all important lines, the construction of which has already been undertaken. The balance available for allotment on new lines amounts to ₹12 lakhs only, and this sum will be utilised to start work on the following two projects :—

(1) Second section of the Bokaro-Ramgarh Extension,

(2) Extension of the Bombay Harbour Branch from Tank Bunder to Victoria Terminus.

224. The first section of the proposed Bokaro-Ramgarh Extension from Mohuda station to Jamooni, a distance of 12 miles, is already under construction. It is proposed to start work, during next year, on a further length of 12 miles, with a view to open up the coalfields. The second line mentioned in the preceding paragraph is a small extension (1·96 miles in length) of the Bombay Harbour branch recently constructed, and is intended to utilise to the best advantage existing facilities by giving direct access from the town to the new cotton and grain depôts which are now being established by the Port Trust at Tank Bunder in connection with the New Docks, and also to the Improvement Trust area on the Harbour Branch line around Colwada and Sion. Its early construction has become a necessity.

Mention may here be made of two lines which were sanctioned after the presentation of last year's Budget, and for which allotments have been made in the Budget of next year. The first is the Jullundur-Hoshiarpur Railway, which will develop the Hoshiarpur district in the Punjab. The second is the Rajabhatkhawa-Dalsingpara branch of the Eastern Bengal State Railway, intended to serve nine tea estates in the Alipur-Duars Sub-Division of the Jalpaiguri district in Eastern Bengal and Assam, which are at present greatly hampered by very inferior means of communication.

225. The figures in the table in paragraph 221 do not include the expenditure on Protective Railways, met from the Famine Insurance grant, nor of Branch line Companies. Including this expenditure, and also some small expenditure from Provincial Revenues, the total outlay on Railway Construction in the three years is as follows :—

	Accounts, 1910-1911.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.
	₹	₹	₹
Total as in preceding table	11,16,88,920	11,72,76,000	13,50,00,000
Famine Protective Lines	5,53,425	9,13,000	6,50,000
Branch Lines	13,99,730	10,02,000	23,44,000
Provincial State Line	11,928	21,000	52,000
Grand total in Rupees	11,36,54,003	11,92,12,000	13,80,46,000
Grand total in £ sterling at ₹15 to the £ .	7,576,933	7,947,500	9,203,100

CONSTRUCTION OF PRODUCTIVE IRRIGATION WORKS.

226. The figures are—

	Accounts, 1910-1911.	Budget, 1911-1912.	Revised, 1911-1912.	Budget, 1912-1913.
Total in Rupees . .	1,80,58,320	1,90,00,000	2,41,71,000	2,12,33,000
Equivalent in Sterling .	1,203,888	1,266,700	1,611,400	1,415,500

Revised, 1911-12. 227. The Budget grant of R1,90 lakhs has been raised to R2,41·71 lakhs in the Revised, owing to the satisfactory progress of work on the Triple Canal scheme in the Punjab and on the Upper Swat River Canal, as well as to the *Budget, 1912-13.* purchase of dredgers in England for the Twante Canal project. The grant in next year's Budget has been fixed at R212·33 lakhs. The following table shows the projects included in the programme of 1911-12 as now revised and in that of 1912-13, together with the amount to be spent on each :—

Name of project.	Expenditure in 1911-1912.	Expenditure in 1912-1913.
Canals in operation—	R	R
Mandalay Canal	7,000	...
Shwebo „	1,13,000	1,44,000
Ganges Canal, including Mat and Hathras branches	7,67,000	4,78,000
Lower Ganges Canal	77,000	52,000
Agra Canal	1,11,000	1,47,000
Eastern Jumna Canal	25,000	14,000
Western „ „	72,000	1,20,000
Upper Bari Doab „	4,00,000	5,00,000
Sirhind Canal	77,000	2,00,000
Lower Chenab Canal	10,80,000	5,50,000
Lower Jhelum „	16,000	1,00,000
Indus Inundation Canals	2,38,000	1,00,000
Godavari Delta	74,000	1,09,000
Kistna „	32,000	6,000
Cauvery „	43,000	43,000
Periyar Project	8,000	21,000
Divi Island Project	28,000	17,000
Jamrao Canal	75,000	86,000
Canals under construction—		
Asola Mendha Tank works	1,91,000	2,00,000
Weinganga Canal	1,00,000	4,00,000
Mahanadi „	34,000	5,00,000
Mon Canals	4,70,000	1,38,000
Ye-u Canal	3,00,000	6,13,000
Twante Canal	16,23,000	21,38,000
Upper Chenab Canal	42,50,000	35,00,000
Upper Jhelum „	63,73,000	58,00,000
Lower Bari Doab Canal	40,90,000	31,00,000
Upper Swat River Canal	30,34,000	25,94,000
Nagavalli River Project	64,000	1,40,000
Other Projects	3,99,000	3,23,000
Reserve	...	6,00,000
Probable savings	...	—15,00,000
TOTAL R .	2,41,71,000	2,12,33,000
Equivalent in Sterling £ ..	1,611,400	1,415,500

A major portion of the grant will be again applied to push on work in connection with the Triple Canal project in the Punjab and with the Upper Swat River Canal in the Frontier Province. A large allotment of R21·38 lakhs has also been made for the Twante Canal in Burma, of which R12·33 lakhs will be required in connection with the purchase of dredgers in England.

INITIAL OUTLAY ON THE NEW CAPITAL AT DELHI.

28. Lump provisions of R15 lakhs and R200 lakhs respectively have been made in the Revised estimate for 1911-12 and the Budget for 1912-13. A portion of the former will be spent in taking over the electric installations, etc., erected and certain articles of furniture purchased in connection with the Coronation Durbar.

WAYS AND MEANS.

HOME TREASURY.

Introductory.

229. The bulk of the payments made in England on account of the Government of India consists of expenditure chargeable to the Indian revenues; and if this represented the only charges, the Ways and Means programme would be a simple arrangement, as the whole of the expenditure would ordinarily be met by remittance of funds from India. The capital outlay on the construction of railways and irrigation works, however, necessitates heavy borrowing; and a major portion of the money required is usually raised in England, either direct or through the agency of Companies. A further complication is introduced by the practice under which all payments made in England to Railway Companies working purchased lines, for purchase of stores and other capital purposes, as well as all moneys raised by them and paid into the Home Treasury, are brought to account under the appropriate heads in this country and are treated in the Home Accounts and Estimates as remittances to or from India respectively. The transactions connected with the Gold Standard Reserve, and with the replacement of one particular form or item of direct or indirect debt by another, also largely swell the receipts and charges of the Home Treasury without affecting the general Ways and Means programme.

230. The following are the details of the transactions appearing in the Budget and Revised Estimates of the Home Treasury for 1911-12 and in the Budget Estimate of 1912-13.

	Budget, 1911-1912.	Revised, 1911-1912.	Budget, 1912-1913.
RECEIPTS.	£	£	£
Capital raised and deposited by Railway Companies—			
For Capital outlay	2,000	2,000	1,812,100
For discharge of debentures	1,670,000	505,000	1,570,400
Temporary debt renewed	4,500,000	4,500,000	...
Deposits and Advances—			
Gold Standard Reserve	9,498,400	9,480,500	11,245,700
*Paper Currency Reserve	1,333,300	1,988,300	...
Other items	39,300	40,600	1,000
Remittance Account between England and India—			
Railway transactions	1,362,800	5,700	5,300
Other transactions	709,000	1,257,500	1,008,000
Total Receipts, excluding Council Bills and Loans	19,114,800	17,779,600	15,642,500
DISBURSEMENTS.			
Excess of Expenditure over Revenue	19,105,400	18,955,900	19,298,400
Railway and Irrigation Capital not charged to Revenue—			
Outlay on State Railways and Irrigation Works	2,222,400	2,161,400	2,278,800
Outlay of Railway Companies	923,300	715,000	980,000
*Payments to Railway Companies for discharge of debentures	1,670,000	545,000	1,570,400
Permanent Debt discharged	2,276,200	2,276,200	1,977,600
Temporary Debt discharged	5,000,000	5,000,000	4,500,000
Deposits and Advances—			
Gold Standard Reserve: Investments	9,492,000	9,882,600	11,266,400
*Paper Currency Reserve	1,333,300	1,988,300	...
Other transactions	38,600	90,600	1,000
Remittance Account between England and India—			
Railway transactions	2,912,100	2,214,900	3,288,000
Other transactions	414,900	683,200	601,400
Total Disbursements	45,388,200	44,513,100	45,762,000
NET DISBURSEMENTS	26,273,400	26,733,500	30,119,500
Financed as follows.			
Council Bills	15,825,000	25,100,000	15,500,000
Permanent Debt incurred	3,137,500	2,855,100	3,000,000
Reduction of cash balance	7,310,900	—1,221,600	11,619,500
TOTAL	26,273,400	26,733,500	30,119,500
Opening Balance	17,543,418	18,174,300	19,395,900
Closing Balance	10,232,518	19,395,900	7,776,400

* The heads marked with an asterisk appear on both the receipt and payment sides. As the receipt and disbursement under each of them are generally equal, they do not ordinarily affect the Ways and Means of the year to any material extent.

Revised, 1911-12. General.

231. The net disbursements in 1911-12 are now taken at £26,733,500 or £460,100 more than the Budget. The deposits of capital by railway companies working purchased lines are less by £1,357,100, mainly owing to the absence of any fresh issue of debentures by the East Indian Railway Company. The transactions connected with the Gold Standard Reserve described in paragraph 241 are likely to result in a net payment of £402,100 for the purchase of securities, instead of the small net receipt of £6,400 provided in the Budget. There is also an increase of £268,300 in the miscellaneous payments which are treated in the Home Treasury accounts as remittances to India, caused chiefly by larger demands for stores on the part of provincial governments and local funds. The total increase in the net disbursements from these three sources amounts to £2,033,900. But on the other hand, there has been a total improvement of £1,573,800 under the other items, mainly owing to decreases of £208,300 and £697,200 respectively in the capital outlay of railway companies and in the payments to companies working purchased railways; an increase of £446,000 in the net receipts in connection with postal and money order transactions exchanged between England and India caused by larger receipts for money orders issued in the Colonies; and a reduction of £149,500 in the net expenditure chargeable to revenue.

232. The activity of the export trade has again led to a heavy demand for remittance of funds to India; and the total drawings of the Secretary of State in the current year are now expected to amount to £27,088,300. Of this sum, £1,988,300 will be appropriated as a remittance on account of the Paper Currency Department and the remaining £25,100,000 will be available to meet the disbursements of the Home Treasury, against a Budget estimate of £15,825,000. The receipts in respect of the new sterling loan issued in March 1911 will on the other hand fall short of the Budget by £282,400 owing to larger realisations in 1910-11. The net result of these two variations is an improvement of £8,992,600, and deducting from this amount the increase of £460,100 in the net disbursements, the result is that the balances of the Treasury will be increased during the year by £1,221,600 instead of being drawn upon to the extent of £7,310,900.

1911-12. Capital raised and deposited by Railway Companies.

233. The details of the transactions in respect of capital raised and deposited by Railway Companies are as follows :—

RECEIPTS.

Subscribed Capital.

	Budget, 1911-1912.	Revised, 1911-1912.
To discharge Debentures—	£	£
Assam-Bengal Railway	650,000	...
Bengal-Nagpur Railway	400,000	...
Madras and Southern Mahratta Railway	505,000	505,000
Rohilkund and Kumaon Railway	115,000	...
	1,670,000	505,000
To meet Capital outlay—		
Miscellaneous (Transfer fees, etc.)	2,000	2,000
TOTAL RECEIPTS	1,672,000	507,000
ISSUES.	£	£
For discharge of Debentures	1,670,000	545,000
For Capital outlay, *i.e.*, Stores, Establishment Charges, etc.	923,300	715,000
TOTAL	2,593,300	1,260,000

The Madras and Southern Mahratta Railway Company alone will be able to raise fresh capital to replace debentures maturing during the year. Of the debentures of the other companies amounting to £1,165,000, £40,000 will be discharged from funds advanced by Government to the Rohilkund and Kumaon Railway Company and the balance, *viz.*, £1,125,000, will be renewed.

234. The following are the details of the Railway remittance transactions. As already explained, they occur almost wholly in connection with the Capital account of the purchased lines worked by Companies :— *1911-12. Railway remittances.*

	Budget, 1911-12.	Revised, 1911-12.
RECEIPTS.	£	£
Debentures raised—		
East Indian Railway for additional Capital expenditure	1,357,500	...
Transfer fees, etc.	5,300	5,700
TOTAL RECEIPTS	1,362,800	5,700
ISSUES.		
Advances for purchase of stores—		
East Indian Railway	832,400	608,200
South Indian Railway	344,700	281,100
Bengal and North-Western Railway	94,400	93,100
Great Indian Peninsula Railway	960,500	757,700
Bombay, Baroda and Central India Railway (including Rajputana-Malwa Railway)	641,100	436,000
TOTAL	2,873,100	2,176,100
Miscellaneous payments—		
East Indian Railway: Rental paid to South Behar Railway Company	30,000	30,000
Rohilkund and Kumaon Railway Company: Interest on Debenture Stock allocated to State works	4,000	3,800
Special payment to be adjusted against the South Indian Railway Company's share of surplus profits	5,000	5,000
TOTAL ISSUES	2,912,100	2,214,900

The East Indian Railway Company was not asked to raise any fresh Debenture Capital during the year. *Loans, 1911-12.*

235. The sum of £2,855,100 shown against Permanent Debt in the table in paragraph 230 represents the balance of the receipts in respect of the loan of £3½ million issued in March 1911.

236. Of the £5 million India Bills which fell due during the year, £500,000 maturing on the 16th June 1911, were discharged. The balance, *viz.*, £4½ million, was renewed for 12 months, the average prices of issue being as shown below :

(*i*) £1 million (which fell due on 8th April 1911) at £97-6-5·73.
(*ii*) £2 „ („ „ „ „ 16th June 1911) at £96-18-5·24.
(*iii*) £1½ „ („ „ „ „ 1st December 1911) at £96-19-4·744.

1912-13. The Budget Estimate.

237. The Budget estimates provide for a net disbursement of £30,119,500. The increase of £3,846,100 over the net disbursement in the current year's Budget is the net result of the following variations:—

	£
Worse.	
Net expenditure on Revenue account, *more*	193,000
Temporary Debt discharged, *more*	4,000,000
Outlay on State Railways, *more*	95,400
Better.	
Deposits, Advances and miscellaneous Remittance transactions, net	84,700
Permanent Debt discharged, *less*	298,600
Net payments to Railway Companies, *less*	20,000*
Outlay on Irrigation Works, *less*	39,000

238. The principal differences under Deposit, Advance and miscellaneous Remittance transactions in the two years consist of an increase of £316,000 in the receipts on account of postal and money order transactions, following the large improvement which has taken place under this item in the current year; and of £155,800 in the payments in connection with the purchase of stores for Provincial Governments, local funds, etc.

239. Provision has been made in the estimates for the issue of £3 million 3½ per cent India stock to provide, in part, for the Railway programme of next year; and for the discharge of the following liabilities which mature during the year:—

Permanent Debt.	£
Indian Midland Railway Debentures	1,227,900
Madras Railway Debentures	249,700
India Bonds	500,000
	1,977,600

Temporary Debt.	
Outstanding balance of temporary loans raised on the security of India Bills	4,500,000

	Budget, 1911-1912. £	Budget, 1912-1913. £
*RECEIPTS—		
Capital deposited by Railway Companies—		
For capital outlay	2,000	1,812,100
For discharge of debentures	1,670,000	1,570,400
Remittance account between England and India—		
Railway transactions	1,362,800	5,300
Total receipts	3,034,800	3,387,800
DISBURSEMENTS—		
Railway and Irrigation capital not charged to Revenue—		
Outlay of Railway Companies	923,300	980,000
Payment for discharge of debentures	1,670,000	1,570,400
Remittance account between England and India—		
Railway Transactions	2,912,100	3,288,000
Total disbursements	5,505,400	5,838,400
NET DISBURSEMENTS	2,470,600	2,450,600
Decrease	20,000	

240. Of the net disbursement of £30,119,500 it is proposed to meet £15,500,000 by Council Bills and £3,000,000 from the new sterling loan which it is intended to issue in 1912-13. The difference between the sum of these two items and the amount of the net disbursements, *viz.*, £11,619,500, will be met by drawing on the Secretary of State's cash balances which are estimated to stand on the 31st March 1913 at £7,776,400, inclusive of £1,054,600 held as cash at short notice on behalf of the Gold Standard Reserve.

241. The following are the details of the transactions of the Gold Standard Reserve in England:— *1911-12 and 1912-13. Gold Standard Reserve.*

	1911-1912.		1912-1913.
	Budget.	Revised.	Budget.
RECEIPTS.	£	£	£
(*a*) Dividends on investments, discount on Treasury Bills and Interest on Loans at short notice	523,000	493,800	539,000
(*b*) Exchequer Bonds, British Treasury Bills and Colonial Government Securities paid off	8,975,400	8,986,700	10,706,700
TOTAL .	9,498,400	9,480,500	11,245,700
CHARGES.			
Investments made . . .	9,492,000	9,882,600	11,266,400

242. The following statement shows the transactions and balances of the fund in the two years in England and India taken together :—

	Budget, 1911-1912.	Revised, 1911-1912.	Budget, 1912-1913.
Opening balance—	£	£	£
Invested	15,840,600	15,848,400	16,744,300
Uninvested—			
(1) Cash in the Home Treasury placed at short notice .	1,487,900	1,477,400	1,075,300
(2) Held in rupees in India . .	1,934,300	1,934,300	1,934,300
	19,262,800	19,260,100	19,753,900
Closing balance—			
Invested . . .	16,357,200	16,744,300	17,304,000
Uninvested—			
(1) Cash in the Home Treasury placed at short notice .	1,494,300	1,075,300	1,054,600
(2) Held in rupees in India . .	1,934,300	1,934,300	1,934,300
	19,785,800	19,753,900	20,292,900
Interest on investments .	523,000	493,800	539,000

1911-12 and 1912-13. Summary of debt transactions and Capital Account of Railway Companies.

243. The following is a summary of the figures relating to Council Bills and the Sterling Debt of Government and of Railway Companies (omitting transfer fees, etc.) included in the estimates for 1911-12 and 1912-13 :—

RECEIPTS.	Budget, 1911-1912.	Revised, 1911-1912.	Budget, 1912-1913.
	£	£	£
Council Bills . . .	15,825,000*	25,100,000†	15,500,000
Permanent Debt incurred (India Stock) . .	3,137,500	2,855,100	3,000,000
Temporary Debt raised .	4,500,000	4,500,000	...
Receipts on account of the Subscribed Capital of Railway Companies . .	1,670,000	505,000	3,380,400
Receipts on account of the Debenture Capital of Railway Companies working purchased Railways . .	1,357,500	...	...
OUTGOINGS.			
Permanent Debt discharged .	2,276,200	2,276,200	1,977,600
Temporary Debt discharged .	5,000,000	5,000,000	4,500,000
Discharge of Railway Companies' Debentures .	1,670,000	545,000	1,570,400

244. The programme herein announced of the probable drawings on India and of the transactions in connection with the Government Sterling Debt and the borrowings of Railway Companies, represents the present intentions of the Secretary of State. But in view of the varying conditions of Indian finance and of the London money market, no assurance can be given that this programme will be adhered to either in amount or in form. The Secretary of State reserves to himself the right to vary the programme to any extent that may be considered necessary during the course of the year. The estimate of Council drawings is for the amount necessary to provide for the Secretary of State's requirements, but additional Bills will as usual be sold if needed to meet the demands of trade.

* Exclusive of £1,333,300 appropriated for the Paper Currency Department.
† Exclusive of £1,988,300 appropriated for the Paper Currency Department.

INDIA.

245. The following is a summary of the Estimates of Ways and Means in India during 1911-12 and 1912-13:—

	Budget Estimate, 1911-1912.		Revised Estimate, 1911-1912.		Budget Estimate 1912-1913.	
	Rupee figures.	Equivalent in £ at R15=£1.	Rupee figures.	Equivalent in £ at R15=£1.	Rupee figures.	Equivalent in £ at R15=£1.
Receipts.	R	£	R	£	R	£
1. Excess of Revenue over Expenditure charged to Revenue.	29,88,68,000	19,924,600	33,07,34,000	22,048,900	31,16,51,000	20,776,700
*2. Capital raised through Companies for outlay on State Railways (net)	2,03,63,000	1,357,500	...	...	...	...
3. Capital raised and deposited by Railway Companies	5,48,000	36,500	10,33,000	68,900	23,34,000	155,600
4. Unfunded Debt incurred, mostly Savings Bank deposits (net)	1,68,50,000	1,123,300	2,74,06,000	1,827,000	1,97,81,000	1,318,700
5. Appropriation for Reduction or Avoidance of Debt	75,00,000	500,000	69,98,000	466,500	54,98,000	366,500
6. Other Deposits and Remittances (net)	—16,60,000	—110,600	2,48,39,000	1,656,000	4,14,000	27,600
7. Remittance account between England and India—Transactions of Railway Companies (net) excluding debenture capital	4,36,02,000	2,906,800	3,31,38,000	2,209,200	4,92,41,000	3,282,700
Total Receipts excluding loans	38,60,71,000	25,738,100	42,41,48,000	28,276,500	38,89,19,000	25,927,800
Disbursements.						
8. Capital Expenditure not charged to Revenue—						
(*a*) State Railways and Irrigation Works	10,72,11,000	7,147,500	9,60,23,000	6,401,500	10,46,02,000	6,973,400
(*b*) Initial expenditure on new Capital at Delhi	...	...	15,00,000	100,000	2,00,00,000	1,333,300
(*c*) Outlay by Companies (net)	76,91,000	512,700	33,10,000	220,600	51,24,000	341,600
9. Permanent Debt discharged (net)	15,85,000	105,700	12,94,000	86,300	13,69,000	91,300
†10. Provincial surpluses (—) or deficits (+)	2,57,40,000	1,716,000	—1,28,78,000	—858,500	2,33,66,000	1,557,700
11. Imperial and Provincial Loans (net)	11,51,000	76,700	21,92,000	146,200	59,79,000	398,500
12. Remittance account between England and India—						
*(*a*) Capital raised by Railway Companies (net)	2,03,63,000	1,357,500	...	...	...	...
(*b*) Other transactions (net)	46,79,000	311,900	66,89,000	445,900	60,48,000	403,200
13. Council Bills‡	23,73,85,000	15,825,700	37,23,98,000	24,826,500	23,65,35,000	15,769,000
Total Disbursements	40,58,05,000	27,053,700	47,05,28,000	31,368,500	40,30,23,000	26,868,000
Net Disbursements	1,97,34,000	1,315,600	4,63,80,000	3,092,000	1,41,04,000	940,200
Financed as follows:						
Permanent Debt incurred	2,00,00,000	1,333,300	2,00,00,000	1,333,300	3,00,00,000	2,000,000
Reduction of (+) or addition to (—) Treasury Balances	—2,66,000	—17,700	2,63,80,000	1,758,700	—1,58,96,000	—1,059,800
Total	1,97,34,000	1,315,600	4,63,80,000	3,092,000	1,41,04,000	940,200
Opening Balance	18,69,82,000	12,465,500	20,35,04,000	13,566,900	17,71,24,000	11,808,200
Closing Balance	18,72,48,000	12,483,200	17,71,24,000	11,808,200	19,30,20,000	12,868,000

*The figures under heads 2 and 12 (*a*) balance each other.
†Head 10 represents expenditure defrayed by reduction of Provincial balances.
‡The figures shown under head 13 differ from those given in the Home Treasury Ways and Means statement, as Bills drawn by the Secretary of State towards the end of one year are paid in India in the next. The figures of the present statement represent payments in India.

246. In the Budget estimate of 1911-12, the cash balance in Indian Treasuries on the 1st April 1911, was taken at R18,70 lakhs. It was estimated (1) that the net Imperial revenue in India would amount to R29 89 lakhs, (2) that

1911-12. Main features of Budget Estimates.

the net deposits in Savings Banks and Provident Institutions would increase during the year by R1,69 lakhs, (3) that a sum of R75 lakhs would be available from the Famine Insurance grant for the avoidance of debt, and (4) that the remittance transactions of Railway Companies would result in a net credit in India of R4,36 lakhs. On the other hand, provision was made (1) for a net expenditure of R2,57½ lakhs from Provincial balances, (2) for capital expenditure in India on railways (inclusive of outlay by companies) and canals to the extent of R11,49 lakhs, (3) for the discharge of R16 lakhs of the permanent debt, (4) for net payments of R12 lakhs and R58 lakhs, respectively, in connection with Imperial and Provincial loans and miscellaneous deposit transactions, and (5) for the payment of Council Bills to the extent of R23,74 lakhs. The total payments mentioned above aggregate R38,66½ lakhs against a total receipt of R36,69 lakhs; and as the net disbursement of R1,97½ lakhs would have reduced the cash balances at the end of the year to the inconveniently low figure of R16,72½ lakhs, it was proposed to raise a loan of R2 crores.

1911-12. Main features of Revised Estimates.

247. The results according to the Revised estimates show considerable variations from this forecast. The year opened with a balance which was R1,65 lakhs higher than the Budget forecast, mainly owing to a larger betterment in the revenue account in 1910-11 (*vide* paragraph 3) and a higher lapse in the capital grants than was allowed for in the Revised estimates for that year; and the full amount of the contemplated rupee loan of R2 crores was raised in July. The large increase in the opening balance; the very considerable improvement which has taken place in the revenue returns of the current year, as well as in Savings Banks deposits and in the net credits from departmental and judicial deposits; and the heavy lapses in the Capital grants will, however, enable the Government of India to remit to the Secretary of State in aid of the Home Treasury over £9 millions more than was provided in the Budget, and still to close the year with a balance of R17,71 lakhs. Taking India as a whole, there will be an improvement of R7,05 lakhs over the Budget in the combined revenue account of the Imperial and Provincial Governments of the current year. Three-fourths of this increase occurs again in the yield of the wholly Imperial heads—Opium and Railways; but as a result of the large assignments from Imperial to Provincial described in paragraphs 14 to 17, R3,19 lakhs of the gain will appear in the Imperial section of the accounts and R3,86 lakhs as an addition to the Provincial balances. There will be a large increase of R2,50 lakhs in the net receipts from miscellaneous deposit and remittance transactions, caused mainly by bigger credits on account of judicial, railway and opium deposits; the transfer to the treasuries of large amounts of small coin held in the mints and attached depôts at the beginning of the year; and an accumulation of uncashed cheques of the Railway and other departments at the end of the year, the last day of which falls on a Sunday. The increase in the net deposits in Savings Banks will also be R1,05½ lakhs more than was allowed for. A large saving of R1,55 lakhs is moreover expected in the Budget provision for capital expenditure on railways (inclusive of outlay by companies) and on canals, while there will be a much smaller saving of R3 lakhs in the provision for the discharge of permanent debt. The total improvement from all these sources, including the increase in the opening balance of the year, amounts to R13,83½ lakhs. But this will be more than counterbalanceb by(1) a reduction of R105 lakhs in the net credits from remittances of Railway Companies and of R5 lakhs in the amount available from the Famine Insurance grant for the avoidance of debt; (2) a possible initial outlay of R15 lakhs on Imperial Delhi; (3) an increase of R10 lakhs in the net payments on account of *takâvi* and other loans; and (4) an increase of R13,50 lakhs in the payment of Council Bills from treasury balances. The closing balance on 31st March 1912 will thus be R101½ lakhs less than the Budget estimate of R18,72½ lakhs.

1911-12. Rupee loan.

248. It was announced last year, subject to the usual reservations, that a new 3½ per cent. rupee loan of R2 crores would be raised in 1911-12. Tenders for this loan were opened on the 19th July, and the result was as follows:—

Total amount tendered.	Amount accepted.	Average rate of accepted tenders.	Minimum rate accepted.
R	R	R a. p.	R a. p.
8,38,89,200	2,00,00,000	96 3 10·567	96 2 0

1912-13. Main features of Budget Estimates

249. In 1912-13, the net Imperial revenue in India is estimated at R31,17 lakhs; Savings Banks and similar deposits are expected to yield a net receipt of R198 lakhs; a sum of R55 lakhs will be available from the Famine Insurance grant for the avoidance of debt; and the remittance and capital transactions of Railway Companies are likely to result in a net credit in India of R492 lakhs. On the other hand provision has been made: (1) for an expenditure of R234 lakhs from Provincial balances, (2) for payments of R14 lakhs, R60 lakhs and R33 lakhs respectively in connection with the discharge of permanent debt, Imperial and Provincial loans and miscellaneous deposit and remittance transactions; (3) for capital expenditure of R10,97 lakhs in India on railways and canals, and of R200 lakhs on Imperial Delhi and (4) for payment of Council Bills to the extent of R23,65 lakhs. The total amount of funds required by the Government of India next year therefore aggregates R40,03 lakhs, while the receipts at its disposal amount to only R38,62 lakhs.

1912-13. New Rupee loan.

250. It will not be possible to provide any portion of the additional funds required from the cash balances which are expected to stand at the beginning of the year at the low figure of R17,71 lakhs. It is accordingly intended to raise a new rupee loan of R3 crores in 1912-13. With a loan of this amount it will be possible to close the year, according to the present estimate, with a balance of about R19,30 lakhs, about R2 crores of which may be regarded as a reserve for future capital expenditure on Imperial Delhi. The announcement now made regarding the rupee loan is in accordance with present intentions; but full liberty is reserved, as usual, to vary the programme now announced to any extent that may be considered desirable.

1911-12 and 1912-13. Post Office Savings Banks, etc.

251. The following table gives details of the transactions of Savings Banks and Provident Funds during a series of years, and the estimated transactions for 1911-12 and 1912-13:—

Year.	Net additions to deposits, cash.	Interest.	Total addition.
	R	R	R
1901-1902	31,04,000	36,87,000	67,91,000
1902-1903	52,40,000	39,00,000	91,40,000
1903-1904	66,99,000	42,15,000	1,09,14,000
1904-1905	78,94,000	45,87,000	1,24,81,000
1905-1906	31,49,000	46,80,000	78,29,000
1906-1907	50,94,000	52,25,000	1,03,19,000
1907-1908	14,86,000	53,50,000	68,36,000
1908-1909	—26,22,000	54,63,000	28,41,000
1909-1910	51,82,000	57,20,000	1,09,02,000
1910-1911	1,05,06,000	60,82,000	1,65,88,000
1911-1912 (Revised)	1,98,46,000	67,57,000	2,66,03,000
1912-1913 (Budget)	1,13,64,000	74,95,000	1,88,59,000

252. The growth in the net deposits in the Post Office Savings Banks in 1911-12 has been unprecedentedly large, due partly to the generally prosperous conditions of the year and partly to the introduction of the rule raising the limit of annual cash deposits from R200 to R500; and the Revised estimate for the year is taken at R149 lakhs, exclusive of interest, against a Budget estimate of 40 lakhs. For next year, the estimate of deposits in these banks is taken at a moderate figure of R60 lakhs, while the deposits in the various Provident Funds for Government servants are expected to grow by R53 lakhs.

J. S. MESTON.

22nd March 1912.

APPENDIX.

APPEN

COMMERCIAL AND

TABLE I.—MIS

	1903-1904.	1904-1905.	1905-1906.
Recorded Revenue compared with recorded expenditure excluding Capital Expenditure on Railways and Irrigation works not charged against Revenue—			
Surplus	£ 2,996,400	£ 3,456,066	£ 2,091,854
Deficit	...	...	...
Capital Expenditure on Railways and Irrigation Works not charged against Revenue*	£ 5,043,003	£ 6,258,195	£ 9,966,393
Ditto charge involved in Redemption of Liabilities	...	...	£ 12,980,960
Initial Expenditure on new Capital at Delhi	...	...	...
Net Public Debt incurred	£ 2,146,825	£ 3,413,480	£ 16,752,546
Net Public Debt incurred, including Capital transactions with Guaranteed Railways and other Companies	£ 225,540	£ 4,488,109	£ 18,567,395
Value of commodities exported, excluding Gold and Silver	₹ 1,53,51,70,000	1,57,72,20,000	1,61,83,50,000
Ditto imported, ditto ditto	₹ 92,59,20,000	1,04,41,30,000	1,12,11,40,000
Excess of Exports over Imports, excluding Gold and Silver	₹ 60,92,50,000	53,30,90,000	49,72,10,000
Net Imports of Gold	₹ 9,93,20,000	9,70,60,000	45,80,000
Ditto of Silver	₹ 13,65,30,000	13,26,10,000	15,72,30,000
TOTAL NET IMPORTS OF GOLD AND SILVER	₹ 23,58,50,000	22,96,70,000	16,18,10,000
Excess of Exports over Imports including Gold and Silver	₹ 37,34,00,000	30,34,20,000	33,54,00,000
Grand Total value of Imports and Exports of all kinds	₹ 2,99,57,70,000	3,18,18,40,000	3,21,07,00,000
Secretary of State's Bills sold (Rupees)	₹ §35,67,94,845	§36,53,57,364	§46,62,43,256(a)
Sterling Equivalent received	£ §23,859,303	§24,425,558	§31,166,973(a)
Silver coined at the Indian Mints	₹ 16,53,11,541	11,37,04,366	20,00,14,452
Maximum price in pence of an oz. troy, standard Silver in London	28⅜ (Oct.)	28 9/16 (Dec.)	30 1/16 (Feb.)
Minimum ditto ditto	22⅝ (Apl.)	24½ (Apl.)	25 7/16 (Apl.)
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 4·049d.	1s. 4·045d.	1s. 4·042d.
Fixed rate of Exchange for the Adjustment of Transactions between the Indian and Imperial Treasuries	1s. 4d.	1s. 4d.	1s. 4d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	7 (from Jan. 21 to Mar. 9).	8 (from Mar. 9 to 22).	9 (from Feb. 1 to Mar. 14).
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	3 (Aug. 27 to Dec. 9).	3 (June 23 to Oct. 5).	3 (July 20 to Aug. 16).
Maximum rate of discount at the Bank of England	4 (Apl. 1 to May 20 and Sept. 3 to Mar.).	4(Apl. 5 to 13)	4 (Sept. 28 to Mar.).
Minimum ditto ditto	3 (June 18 to Sept. 2).	2½ (from Mar. 9).	2½ (Apl. 1 to Sept. 7).
Maximum Government balances at the three Presidency Banks	₹ 3,52,12,000 (Apl.)	3,84,32,000 (Sept.)	3,82,91,000 (May)
Minimum ditto ditto	₹ 3,03,54,000 (Feb.)	3,00,53,000 (Jan.)	2,84,08,000 (Nov.)
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	99—7 (Apl. 27 & 28).	99—9 (Aug. 16, Mar. 2 & 3).	100 4 (Aug. 4)
Minimum ditto ditto	94—10 (Jan. 9)	96—11 (Nov. 11)	97—8 (Jan. 9 & 10).
Maximum price in Calcutta of 3 per cent Rupee Securities	87—8 (Apl. 1)	87—4(from Mar. 3).	88—12 (Aug. 10 to 16).
Minimum ditto ditto	85—4 (Feb. 8 to Mar. 31).	85—4 (Apl. 5 to May 3).	87—0 (Dec. 21 and Mar. 19 to 22).
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	₹ 18,61,10,000(Apl.)	17,02,89,000(Apl.)	17,01,09,000(May)
Minimum ditto ditto	₹ 17,05,01,000 (Jan.)	16,50,97,000(Feb.)	16,21,03,000(Dec.)
Maximum price in London of 4 per cent (Rupee) Securities in Gold	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in London of 3½ per cent (Rupee) Securities in Gold	66 5/16 (Sept.)	66⅝(Feb. & Mar.)	66 1/16 (Aug.)
Minimum ditto ditto	64 (Jan. & Feb.)	65 (July)	65⅝ (June)
Maximum price in London of India 3½ per cent Stock	108⅞ (July)	109 (Feb.)	107⅝ (Apl.)
Minimum ditto ditto	102 (Jan.)	103 (Apl.)	103½ (Oct.)
Maximum price in London of India 3 per cent Stock	100¼ (May)	99⅝(Feb.)	98 1/16 (Apl.)
Minimum ditto ditto	93¾ (Mar.)	93⅛ (Aug.)	94⅞ (Oct.)
Maximum price in London of India 2½ per cent Stock	85¼ (Apl.)	85¼ (Feb.)	84¼ (Apl.)
Minimum ditto ditto	78¾ (Mar.)	79¼ (Apl.)	79⅝ (Oct.)
Maximum Government Paper Currency outstanding	₹ 38,21,16,000(Mar.)	42,51,61,000 (July)	44,65,66,000(Mar.)
Minimum ditto ditto	₹ 33,94,09,000 (Apl.)	36,11,06,000(Apl.)	39,63,12,000(Nov.)
Number of Post Office Savings Banks	7,372	7,855	8,071
Number of accounts in Post Office Savings Banks	987,635	1,058,813	1,115,758
Amount deposited in Savings Banks	₹ 12,33,36,717	13,40,70,130	13,99,26,260
Average of each deposit	₹ 124·88	126·62	130·83
Net addition to deposits	₹ 91,21,183	1,07,33,414	58,56,130

Excludes capital charge involved in redemption of liabilities.
§ Include remittances of the Gold Standard Reserve.

DIX.

FINANCIAL STATISTICS.

CELLANEOUS.

1906-1907.	1907-1908.	1908-1909.	1909-1910,	1910-1911.	1911-1912, Revised.	1912-1913, Budget.
£ 1,589,340	£ 300,615	...	£ 606,641	£ 3,936,287	£ 3,093,000	£ 1,478,300
...	...	£ 3,737,710	...	...	..	...
£ 8,712,668	£ 11,412,767	£ 10,471,657	£ 7,373,966	£ 10,119,093	£ 8,562,900	£ 9,252,200
...	£ 2,144,800	...	...	£ 5,904,100	...	...
...	...	...	...	...	£ 100,000	£ 1,333,300
£ 4,166,102	£ 10,725,963	£ 5,633,956	£ 10,408,347	£ 8,896,956	£ 1,825,900	£ 2,931,100
£ 2,144,709	£ 13,311,920	£ 10,370,196	£ 10,747,575	£ 12,654,438	£ 921,200	£ 3,577,200
1,77,03,00,000	1,77,48,50,000	1,53,14,30,000	1,87,96,80,000	2,10,16,80,000	2,03,90,90,000	(b)
1,17,24,20,000	1,36,53,80,000	1,28,77,80,000	1,22,04,80,000	1,33,70,50,000	1,32,58,90,000	(b)
59,78,80,000	40,94,70,000	24,36,50,000	65,32,00,000	76,46,30,000	71,32,00,000	(b)
14,85,60,000	17,36,80,000	4,35,60,000	21,67,90,000	23,07,90,000	32,19,70,000	(b)
24,00,60,000	19,46,80,000	12,06,80,000	9,44,50,000	8,66,80,000	5,30,60,000	(b)
38,86,20,000	36,83,60,000	16,42,40,000	31,12,40,000	32,64,70,000	37,50,30,000	(b)
20,92,60,000	4,11,10,000	7,94,10,000	34,19,60,000	43,81,60,000	33,81,70,000	(b)
3,44,57,00,000	3,61,75,60,000	3,10,98,50,000	3,54,53,90,000	3,90,77,10,000	3,93,44,80,000	(b)
49,09,99,935	§24,30,65,151	§ 20,96,37,188	§40,54,12,663(a)	40,02,50,114 (a)	40,63,24,500	23,25,00,000
32,907,196	§16,232,061	§ 13,915,426	§27,096,586(a)	§26,783,303 (a)	27,088,300(a)	15,500,000
26,08,57,405	18,11,56,540	2,85,35,914	2,17,56,166	2,19,25,112	2,56,00,000	
33⅛ (Nov.)	32 5/16 (Aug.)	25⅛ (Apl.)	24 1/16 (May)			
29⅜ (Apl. & June)	24 (Dec.)	22 (Dec.)	23 1/16 (October)			
1s. 4·083d.	1s. 4·029d.	1s. 3·964d.	1s.4·04·d.	1s. 4·061 d.	1s.4·082d.	1s. 4d.
1s. 4d.	1s. 4d.	1s. 4d.	1s 4d.	1s. d.	1s. 4d.	1s. 4d.
9 (from Dec. 6 to Mar. 31).	9 (from Apl. 1 to 17 and Jan. 16 to Mar. 4).	8 (from. Jan. 28 to March 17).	7 (from 1 to 28 Apl. & 3 to 31 March).	8 (from 22nd Feb. 1911 t 29th Mar. 1911	8 (from 6th Jan. 1912 to 6th Mar. 1912.)	
3 (from July 19 to Aug. 8).	3 (from July 25 to Sept. 11).	3 (from July 16 o Sep. 2).	3 (from 1 July to 29 Sep).	3 (from 1st Jul to 21st Sept.)	3 (from 3rd Aug. 1911 to 31st Aug.)	
6 (Oct. 19 to Jan. 16).	7 (Nov. 7 to Dec. 31).	3 (Apl. 1 to May 27 & Jan. 14 to Mar.).	5 October 21st to Decr. 8th.)	5 (Oct. 20th to Nov. 30th.)	4 (21st Sept. to 7th Feb.)	
3½ (Apl. 5 to May 2, June 21 to Sept. 12).	3½ (Mar.)	2½ (May 27 to Jan. 13).	2½ (Apl. 1st to October 6th).	3 (June 9th to Sept. 28th and Mar. 9th. to Mar. 31st).	3 (1st Apl. to 20th Sept.)	
3,68,28,000 (Aug.)	4,10,83,000 (Mar.)	4,19,82,000 (July)	4,58,77,000 (July).	4,10,08,000 (Sept.	4,48,68,000 Nov.)	
2,95,11,000 (Oct.)	2,86,56,000 (Apl.)	3,04,47,000 (Jan.	3,07,61,000 (Apl.)	3,53,92,000 (June.)	3,79,95,000 (Jan.)	
99—11 (Apl.1 & 2).	98—6 (May 4 to 7)	96—15 (Apl. 7))	95—5 (24 Aug.)	96—10 (2nd Aug.)	96—14 (9th Dec.	
94—13 (Dec. 17 & 18).	95—8 (Jan. 14 and 15).	93—2 (Mar. 16)	92—12 (4 to 7 Dec.)	93—6 (7th Nov.)	94—12 (3rd and 4th Oct.)	
87—2 (Apl. 1 to 19 & Apl. 24 to May 14).	82—8 (Apl. 1 to May 14).	81—0 (July 18 to Mar. 31).	82—0 (31 Aug. to 11 Nov.).	82—0 (12th July to 19th Aug. and 15th Feb. to 31st Mar.)	82—0 (1st to 23rd Apl., 5th May to 24th Sept. 27th Sept. to 9th Oct. 20th Nov. to date.)	
82—8 (Feb 20 to 26 & Mar. 28).	79—0 (Feb. 5 to Mar. 31).	79—0 (Apl. 1 to May 3).	79—12 (27 Nov.)	80—4 (5th Dec.)	81—0 (25th and 26th Sept.)	
16,92,17,000(Dec.)	16,44,30,000(Apl.)	15,29,69,000 (Apl.)	16,06,73,000 (Oct.)	15,07,31,000(Apl.)	12,68,10,000(Apl.)	
16,30,80,000(July)	15,23,22,000(Mar)	14,43,66,000(Mar.)	14,81,15,000 (Apl.)	12,78,50,000(Mar)	11,79,57,000(Feb.)	
...	...	...	...	...	...	
...	...	...	...	...	...	
66⅜ (Apl.)	65¾ (Apl. & May)	63 13/16 (Apl.)	63 1/16 (Oct.)	61 9/16 (Feb.)	64 ⅝ (Dec)	
64 5/16 (Dec.)	62¾ (Nov.)	61⅞ (Mar.)	61⅞ (Apl.)	62 1/16 (Oct.)	63⅝ (Oct. v Nov.)	
106 (Apl.)	103 (Feb.)	102⅛ (June)	100⅜ (May)	97 5/8 (Feb.)	96¾ (Apl.)	
99½ (Mar.)	96¾ (Aug.)	95⅞ (Mar.)	95 (March)	92⅜ (Sept.)	91 (Sept.)	
97½ (Apl.)	93 (Feb.)	92⅞ (Apl.)	90½ (April)	84⅜ (Feb.)	84 3/16 (Apl.)	
88½ (Mar.)	84½ (Sept.)	84⅛ (Mar.)	81⅝ (March)	79½ (Sept.)	78⅝ (Sept.)	
82 (Apl.)	79½ (Feb.)	78¾ (Apl.)	76 (April)	70⅞ (Feb.)	70⅜ (Apl.)	
75 (Mar.)	70½ (Aug.)	70 (Jan.)	69 (March)	66 (Sept.)	65⅛ (Sept.)	
47,30,20,000 (July)	52,74,34,000(Sept.)	48,09,87,000(July)	54,40,84,000(Mar.)	59,16,45,000(July)	60,29,31,000(July)	
42,89,24,000 (May)	41,81,65,000(Jan.)	42,07,01,000(Dec.)	43,04,99,000 Apl.)	49,67,01,000(Dec.)	54,68,58,000(Apl.)	
8,049	8,328	8,501	8,767	8,929		
1,190,220	1,262,763	1,318,632	1,378,916	1,430,151		
14,76,69,789	15,1814,343	15,23,41,514	15,86,71,786	16,91,88,224		
133'99	120'22	115'53	115'07	118'28		
77,43,529	41,44,554	5,27,171	63,30,272	1,05,16,438		

(a) Include remittance of the Currency Department.
(b) Figures for eleven months (April to February).

COMMERCIAL AND FINANCIAL STATISTICS.

Table II.—Capital Expenditure on State Railways in 1910-1911, and Estimated Expenditure on such works in 1911-1912 and 1912-1913, and to end of 1912-1913.

Railways.	To end of 1909-1910.	Accounts, 1910-1911.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.	To end of 1912-1913.	Sanctioned Outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Open Lines.								
Agra-Delhi Chord	1,32,61,554	2,95,816	8,69,000	1,83,000	1,46,09,370	1,46,09,370	...	
Ahmedabad-Dholka (earthwork, etc.)	59,900	...	...	...	59,900	59,900	...	
Assam-Bengal (Construction)	8,42,94,794	24,76,445	27,86,000	30,48,000	9,26,05,239	9,26,05,239	...	
Ditto (Land)	42,82,148	5,386	1,75,000	4,00,000	48,62,534	48,62,534	...	
Balamau-Sitapur	15,49,711	5,97,810	...	...	21,47,521	21,47,521	...	
Baran-Kotah	45,67,295	—*1,415*	30,000	...	45,95,880	45,95,880	...	
Bellary-Royadrug	7,81,463	...	...	...	7,81,463	7,81,463	...	
Bezwada Extension	12,06,361	12,428	4,000	2,000	12,24,789	12,24,789	...	
Bhopal	36,73,183	92,201	1,00,000	79,000	39,44,384	39,44,384	...	
Bombay, Baroda and Central India	22,03,28,964	38,89,997	34,28,000	68,65,000	23,45,11,961	23,45,11,961	...	
Burma	9,74,12,324	...	...	...	9,74,12,324	9,74,12,324	...	
Burma, Railway Extensions	2,12,90,169	1,76,812	2,36,000	3,51,000	2,20,53,981	2,20,53,981	...	
Coonoor-Ootacamund	35,85,717	52,603	1,79,000	1,60,000	39,77,320	39,77,320	...	
Dhone-Kurnool	9,53,396	1,999	40,000	30,000	10,25,395	10,25,395	...	
East Indian	44,99,21,774	82,20,462	1,12,62,000	1,35,06,000	48,29,10,236	48,29,10,236	...	
Eastern Bengal	22,07,53,504	75,71,944	74,95,000	95,71,000	24,53,91,448	24,53,91,448	...	
Carried over	1,12,79,22,257	2,33,92,488	2,66,04,000	3,41,95,000	1,21,21,13,745	1,21,21,13,745	...	

APPENDIX—*continued.*

RAILWAYS.	To end of 1909-1910.	Accounts, 1910-1911.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.	To end of 1912-1913.	Sanctioned outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	1,12,79,22,257	2,33,92,488	2,66,04,000	3,41,95,000	1,21,21,13,745	1,21,21,13,745	...	
OPEN LINES.								
East Coast—Northern Section	3,09,29,430	...	...	...	3,09,29,430	3,09,29,430	...	
Frontier Railway Reserve Material	43,92,189	—*1,869*	3,000	...	43,93,320	43,93,320	...	
Gajraula-Chandpur	(*a*) 2,787	5,88,463	1,25,000	32,000	7,48,250	7,48,988	738	(*a*) Survey outlay brought on to Capital account.
Golakganj-Gauhati	1,21,59,225	4,69,078	...	...	1,26,28,303	1,26,28,303	...	
Great Indian Peninsula System	17,70,93,213	14,25,97,286	1,22,06,000	1,26,02,000	34,44,98,499	34,44,98,499	...	
Hospet-Kottur	15,15,105	...	...	...	15,15,105	15,15,105	...	
Jodhpur-Hyderabad (British Section)	43,14,735	—*72,191*	—*12,000*	39,000	42,69,544	42,69,544	...	
Jorhat	9,55,198	11,928	21,000	52,000	10,40,126	10,40,126	...	
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	51,21,139	...	
Madras and Southern Mahratta Railway (Madras Section)	15,12,70,724	—*5,64,349*	—*75,000*	...	15,06,31,375	15,06,31,375	...	
Nagda-Muttra	3,92,35,368	9,69,451	31,74 000	17,00,000	4,50,78,819	4,50,78,819	...	
North-Western	66,94,29,951	1,99,09,082	2,18,41,000	2,47,44,000	73,59,24,033	73,59,24,033	...	
Oudh and Rohilkhand	23,81,20,068	29,31,126	19,75,000	30,35,000	24,60,61,194	24,60,61,194	...	
Palanpur-Deesa	2,45,699	...	...	...	2,45,699	2,45,699	...	
Petroleum Operations Baluchistan	1,19,187	...	...	...	1,19,187	1,19,187	...	
Rajputana-Malwa System	18,06,64,672	19,15,367	10,45,000	24,70,000	18,60,95,039	18,60,95,039	...	
Rohilkund and Kumaon Railway (Kachhaghat bridge)	76,416	...	...	...	76,416	76,416	...	
Rosa-Sitapur	19,30,224	13,15,281	...	...	32,45,505	32,45,505	...	
Carried over	2,64,54,97,587	19,34,61,141	6,69,07,000	7,88,69,000	2,98,47,34,728	2,98,47,35,466	738	

APPENDIX—*continued.*

RAILWAYS.	To end of 1909-1910.	Accounts, 1910-1911.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.	To end of 1912-1913.	Sanctioned Outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward .	2,64,54,97,587	19,34,61,141	6,69,07,000	7,88,69,000	2,98,47,34,728	2,98,47,35,466	738	
Sharkot Road Chichoki	47,00,517	26,98,065	5,07,000	2,57,000	81,62,582	89,50,630	7,88,048	
South Indian	13,88,38,894	28,10,883	29,95,000	60,20,000	15,06,64,777	15,06,64,777	...	
Tinnevelly Quilon (British Section) . .	43,96,378	30,691	15,000	19,000	44,61,069	44,61,069	...	
Ditto (Native State Section) .	1,17,98,926	47,917	—21,000	18,000	1,18,43,843	1,18,43,843	...	
Tirhoot and Extensions	7,45,69,468	3,16,267	7,01,000	15,45,000	7,71,31,735	7,71,31,735	...	(*b*) Survey outlay brought on to Capital account.
Bengal Nagpur, Ry. Chemical Laboratory, Kalimati .	...	...	25,000	75,000	1,00,000	1,00,000	...	
Warora Colliery	11,10,032	...	...	..	11,10,032	11,10,032	...	
TOTAL OPEN LINES .	2,88,09,11,802	19,93,64,964	7,11,29,000	8,68,03,000	3,23,82,08,766	3,23,89,97,552	7,88,786	
LINES UNDER CONSTRUCTION.								
Allahabad-Rai Bareli-Cawnpur	7,40,038	58,29,868	40,51,000	14,19,000	1,20,39,906	1,34,71,367	14,31,461	
Dharmapuri Hosur Extension	1,93,443	5,53,425	9,13,000	6,50,000	23,09,868	23,54,363	44,495	
Itarsi-Nagpur and branch to Pench Valley Coalfields	30,61,460	48,51,643	38,25,000	62,00,000	1,79,38,103	4,10,00,000	2,30,61,897	
Lower Ganges Bridge Project	36,05,647	70,71,436	89,22,000	75,00,000	2,70,99,083	4,76,68,863	2,05,69,780	
Rajabhatkhawa-Dalsingpara	...	...	3,00,000	4,00,000	7,00,000	7,58,119	58,119	
Samastipur-Roserah	...	90,807	6,05,000	5,00,000	14,95,807	8,56,976	18,65,551	
Khagaria Roserah	...	...	3,00,000			25,04,382		
Rangyia Tangla	(*b*) 17,777	5,15,788	2,50,000	3,50,000	11,33,565	12,11,096	77,531	
Akbarpur Tanda	(*b*) 2,926	37,379	3,57,000	12,000	4,09,305	4,79,660	70,355	
Dhakia Sambhal	(*b*) 3,889	31,927	5,92,000	35,000	6,62,816	7,10,038	47,222	
Broach Jambusar	...	410	5,00,000	7,00,000	12,00,410	16,00,000	3,99,590	
Bayana Agra	...	49,976	19,00,000	14,00,000	33,49,976	49,45,800	15,95,824	
Cawnpur Banda with branch from Sumerpur to Belatal	...	49,290	22,25,000	28,00,000	50,74,290	1,35,09,920	84,35,630	
Jakhal-Hissar	...	94,795	18,34,000	10,00,000	29,28,795	36,76,986	7,48,191	
Sarai Kala Havelian	(*b*) 52,000	78,206	13,67,000	15,00,000	29,97,206	41,00,000	11,02,794	
Singhjani Fulchari	(*b*) 8,372	87,841	8,25,000	5,00,000	14,21,213	15,50,325	1,29,112	
Jullundur-Hoshiarpur	14,531	...	8,00,000	12,00,000	20,14,531	37,13,166	16,98,635	
Carried over .	77,00,083	1,93,42,791	2,95,66,000	2,61,66,000	8,27,74,874	14,41,11,061	6,13,36,187	
TOTAL OPEN LINES, carried over .	2,88,09,11,802	19,93,64,964	7,11,29,000	8,68,03,000	3,23,82,08,766	3,23,89,97,552	7,88,786	

APPENDIX—*continued.*

RAILWAYS.	To end of 1909-1910.	Accounts, 1910-1911.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.	To end of 1912-1913.	Sanctioned Outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
TOTAL OPEN LINES, brought forward .	2,88,09,11,802	19,93,64,964	7,11,29,000	8,68,03,000	3,23,82,08,766	3,23,89,97,552	7,88,786	
Brought forward .	77,00,083	1,93,42,791	2,95,66,000	2,61,66,000	8,27,74,874	14,41,11,061	6,13,36,187	
Second section of the Bokharo-Ramgarh Line .	...	...	...	6,00,000	6,00,000	6,00,000	...	
Southern Shan States	7,08,265	24,48,298	23,45,000	33,00,000	88,01,563	1,98,43,996	1,10,42,433	
Trans-Indus (Kalabagh Bannu with ferry) .	(c) 2,19,813	14,33,129	22,60,000	13,84,000	52,96,942	56,20,339	3,23,397	(c) Includes Rs. 1,17,870 on account of survey outlay brought on to the construction account during 1909-1910.
TOTAL LINES UNDER CONSTRUCTION .	86,28,161	2,32,24,218	3,41,71,000	3,14,50,000	9,74,73,379	17,01,75,396	7,27,02,017	
LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES, ETC.								
Bellary-Kistna	1,65,78,416	...	...	...	1,65,78,416	1,65,78,416	...	
Bilaspur-Etawah	75,132	...	...	...	75,132	75,132	...	
Ludhiana-Ferozepur	28,311	...	...	...	28,311	28,311	...	
Nagpur-Chhattisgarh Depreciation Account .	6,57,038	...	...	...	6,57,038	6,57,038	...	
Ranaghat-Bhagwangola	3,02,450	...	...	...	3,02,450	3,02,450	...	
Southern Mahratta (Depreciation on works, etc.) .	5,27,071	....	...	...	5,27,071	5,27,071	...	
Umaria Colliery	1,82,672	...	...	...	1,82,672	1,82,672	...	
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035	2,45,035	...	
TOTAL LINES IN ABEYANCE, ETC. .	1,85,96,125	...	...	...	1,85,96,125	1,85,96,125	...	
Stores	2,28,640	2,65,745	—93,000	...	4,01,385	4,01,385	...	
GRAND TOTAL, carried over .	2,90,83,64,728	22,28,54,927	10,52,07,000	11,82,53,000	3,35,46,79,655	3,42,81,70,458	7,34,90,803	

APPENDIX—*concluded.*

RAILWAYS.	To end of 1909-1910.	Accounts, 1910-1911.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.	To end of 1912-1913.	Sanctioned Outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
GRAND TOTAL, brought forward .	2,90,83,64,728	22,28,54,927	10,52,07,000	11,82,53,000	3,35,46,79,655	3,42,81,70,458	7,34,90,803	
Distributed as under—								
CAPITAL EXPENDITURE ON RAILWAYS (not charged to Revenue)—								
State Railways—Construction* . . .	1,93,51,36,349	13,37,28,074	10,42,73,000	11,75,51,000	2,29,06,88,423			
Redemption of Liabilities†	81,89,70,043	8,85,61,500	...	...	90,75,31,543			
FAMINE RELIEF AND INSURANCE—								
Protective Railways	7,67,83,972	5,53,425	9,13,000	6,50,000	7,89,00,397			
CONSTRUCTION OF RAILWAYS (charged against Revenue in addition to that under Famine Insurance).	5,45,35,712	...	...	...	5,45,35,712			
CONSTRUCTION OF RAILWAYS (charged to Provincial Revenues).	73,54,444	11,928	21,000	52,000	74,39,372			
OTHER EXPENDITURE charged against Revenue .	1,55,84,208	...	...	...	1,55,84,208			
TOTAL AS ABOVE .	2,90,83,64,728	22,28,54,927	10,52,07,000	11,82,53,000	3,35,46,79,655	3,42,81,70,458	7,34,90,803	
*INCLUDES DEBENTURES RAISED BY COMPANIES—								
Bombay, Baroda and Central India Railway .	1,43,90,464	...	...	...	1,43,90,464			
East Indian Railway	21,88,09,015	...	...	...	21,88,09,015			
Great Indian Peninsula Railway . . .	1,43,83,199	3,44,14,165	...	...	4,87,97,364			
South Indian Railway	2,27,07,237	...	...	...	2,27,07,237			
TOTAL .	27,02,89,915	3,44,14,165	...	...	30,47,04,080			

† Bombay, Baroda and Central India Railway 18,72,06,696
East Indian Railway 18,05,98,229
Eastern Bengal Railway 3,10,54,458
Great Indian Peninsula Railway 8,88,35,250
Madras and Southern Mahratta Railway 3,21,72,000
North Western Railway 7,36,74,320
Oudh and Rohilkhand Railway 15,50,40,735
South Indian Railway 7,03,88,355
Indian Midland Railway 8,85,61,500
TOTAL . 90,75,31,543

APPENDIX—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table III—Capital Expenditure on Irrigation Major Works in 1910-1911, and estimated expenditure on such works in 1911-1912 and 1912-1913, and to the end of 1912-1913.

IRRIGATION WORKS. CAPITAL EXPENDITURE NOT CHARGED TO REVENUE.	Actual outlay to end of 1909-1910.	Accounts, 1910-1911.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.	Total actual and estimated outlay to end of 1912-1913.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Burma.							
Mandalay Canal	51,85,116	21,336	7,000	...	52,13,452	...	...
Shwebo Canal	54,26,771	1,27,614	1,13,000	1,44,000	58,11,385	54,25,968	...
Mon Canals	40,26,901	7,46,957	4,70,000	1,38,000	53,81,858	52,60,615	...
Ye-u Canal	6,87,399	3,18,008	3,00,000	6,13,000	19,18,407	48,04,988	28,86,581
Twante Canal	...	...	16,23,000	21,38,000	37,61,000	68,86,218	31,25,218
Bengal.							
Orissa Canals	2,61,73,532	20,603	30,000	45,000	2,62,69,135	...	...
Midnapur Canal	83,10,156	1,540	1,000	5,000	83,17,696	...	...
Hijili Tidal Canal	25,51,641	—836	...	...	25,50,805	...	...
Sone Canal	2,58,17,334	3,124	52,000	25,000	2,58,97,458	...	...
United Provinces.							
Ganges Canal, including Mat and Hathras Branches	3,12,35,141	6,42,201	7,67,000	4,78,000	3,31,22,342	...	...
Lower Ganges Canal	3,51,12,586	1,50,712	77,000	52,000	3,88,15,540	...	...
Ditto, Fatehpur Branch	34,23,242						
Agra Canal	1,08,46,041	1,49,634	1,11,000	1,47,000	1,12,53,675	...	...
Eastern Jumna Canal	47,02,515	32,396	25,000	14,000	47,73,911	...	...
Dun Canal*	11,53,174	62,145	79,000	9,000	13,03,319	...	...
Bijnor Canal*	2,51,472	11,609	12,000	...	2,75,081	...	...
Punjab.							
Western Jumna Canal	1,65,70,040	16,361	72,000	1,20,000	1,67,78,401	...	...
Upper Bari Doab Canal	2,00,70,538	2,22,345	4,00,000	5,00,000	2,11,92,883	...	...
Sirhind Canal (State outlay)	2,38,29,731	46,068	77,000	2,00,000	2,41,52,799	...	...
Lower Chenab Canal	2,77,97,516	5,49,276	10,80,000	5,50,000	2,99,76,792	...	...
Lower Jhelum Canal	1,57,65,966	37,412	16,000	1,00,000	1,59,19,378	1,83,95,782	24,76,404
Indus Inundation Canals	23,54,190	1,10,102	2,38,000	1,00,000	28,02,292	...	...
Upper Jhelum Canal	1,40,74,479	41,37,902	63,73,000	58,00,000	3,03,85,381	2,90,70,397	...
Upper Chenab Canal	1,87,91,373	42,82,968	42,50,000	35,00,000	3,08,24,341	2,89,29,792	...
Lower Bari Doab Canal	49,25,993	32,50,335	40,90,000	31,00,000	1,53,66,328	1,78,11,841	24,45,513
North-West Frontier Province.							
Paharpur Inundation Canal	9,15,183	603	5,000	..	9,20,786	9,04,241	...
Upper Swat River Canal	32,01,904	21,23,097	30,34,000	25,94,000	1,09,53,001	1,77,64,752	68,11,751
Lower Ditto	41,05,156	20,792	12,000	6,000	41,43,948	...	...
Kabul River Canal*	10,31,307	1,164	...	...	10,32,471	...	...
Madras.							
Godavari Delta System	1,22,10,976	69,146	74,000	1,09,000	1,24,63,122	...	...
Kistna Delta System	1,49,82,846	55,816	32,000	6,000	1,50,76,662	...	...
Pennér River Canals System	55,74,662	30,098	10,000	38,000	56,52,760	...	...
Periyar Project	1,00,46,279	85,382	8,000	21,000	1,01,60,661	...	...
Cauvery Delta system	37,00,854	1,08,488	43,000	43,000	38,95,342	...	...
Nagavalli River Project	12,64,918	1,10,921	64,000	1,40,000	15,79,839	17,47,770	1,67,931
Divi Island Project	17,35,525	70,052	28,000	17,000	18,50,577	19,50,000	99,423
Lower Coleroon Anicut*	17,16,396	76,793	24,000	25,000	18,42,189	...	...
Shatiatope Anicut*	7,31,095	68,780	59,000	1,01,000	9,59,875	...	...
Bombay.							
Desert Canal	26,22,235	15,175	4,000	...	26,41,410	...	...
Begari Canal	21,38,331	—33,401	62000	...	21,66,930	...	...
Eastern Nara Works	65,48,368	22,138	12,000	...	65,82,506	...	...
Jamrao Canal	80,13,139	51,892	75,000	86,000	82,26,031	...	...
Mutha Canals	73,32,445	14,953	74,000	4,000	74,25,398	...	...
Other projects	3,90,46,750	3,27,240	4,98,000	3,97,000	4,02,68,990	...	...
	43,60,01,216	1,81,58,941	2,43,81,000	2,13,65,000	49,99,06,157	...	...
Deduct—Outlay incurred from Ordinary Revenues	6,97,42,040	1,00,621	2,10,000	1,32,000	7,01,84,661	...	...
Carried over	36,62,59,176	1,80,58,320	2 1,71,000	2,12,33,000	42,97,21,496	...	...

* Transferred to "49" from 1st April 1907.

APPENDIX—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table III—Capital Expenditure on Irrigation Major Works in 1910-1911, and estimated expenditure on such works in 1911-1912 and 1912-1913, and to the end of 1912-1913.

	Actual outlay to end of 1909-1910.	Accounts, 1910-1911.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.	Total actual and estimated outlay to end of 1911-1912.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Brought forward	36,62,59,176	1,80,58,320	2,41,71,000	2,12,33,000	42,97,21,496	...	...
PROTECTIVE IRRIGATION WORKS.							
Central Provinces.							
Tank and other Projects	61,10,288	9,19,503	15,99,000	26,38,000	1,12,66,791	...	...
Bihar and Orissa.							
Tribeni Canal	46,48,493	7,24,260	6,27,000	7,07,000	67,06,753	50,20,251	...
United Provinces.							
Betwa Canal (including Dukwa weir)	76,31,203	1,09,073	80,000	26,000	78,46,276	...	...
Ken Canal	40,34,242	2,32,812	3,75,000	5,26,000	51,68,054	54,72,337	3,04,283
Dassan Canal	33,96,983	4,33,880	2,82,000	2,73,000	43,85,863	43,86,319	456
Madras.							
Rushikulya Project	46,28,187	8,299	—2,000	4,000	46,38,486	...	...
Mopad Project	5,19,109	—3,974	—7,000	1,50,000	6,58,135	11 ,000	4,77,865
Bombay.							
Godaveri Canal	40,12,174	17,96,399	14,70,000	7,11,000	79,89,573	88,34,597	8,45,024
Chankapur Tank	15,16,235	79,302	52,000	67,000	17,14,537	16,99,056	...
Nira Canal (including Shetphal tank)	60,70,183	...	4,000	8,000	60,82,183	...	...
Budhihal Tank	4,89,148	237	...	...	4,89,385	13,98,529	9,09,144
Pravara River Project	3,82,592	3,31,902	7,48,000	10,81,000	25,43,494	81,36,368	55,92,874
Other projects	62,15,373	3,26,042	4,38,000	9,37,000	79,16,415	...	...
	4,96,54,210	49,57,735	56,66,000	71,28,000	6,74,05,945	...	...
Deduct—Outlay incurred from Ordinary Revenues	22,34,977	...	...	...	22,34,977	...	...
TOTAL	4,74,19,233	49,57,735	56,66,000	71,28,000	6,51,70,968	...	...
GRAND TOTAL	41,36,78,409	2,30,16,055	2,98,37,000	2,83,61,000	49,48,92,464	...	...

APPENDIX—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Gross traffic receipts, working expenses, and net traffic receipts of State Railways for five years ending 1910-1911, with Revised Estimates for 1911-1912 and Budget Estimates for 1912-1913.

(Omitting ooo, except in accounts.)

	Accounts.					Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.
	1906-1907.	1907-1908.	1908-1909.	1909-1910.	1910-1911.		
STATE RAILWAYS. (*a*)	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
Open mileage at beginning of year	21,544	22,134	23,643	24,066	24,525	24,870	25,215
Gross Traffic Receipts.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
East Indian { England	3,450	3,450	3,450	3,450	3,450	3	3
East Indian { India	7,98,54,849	8,18,29,919	8,22,05,033	8,08,60,767	8,79,77,711	9,30,00	9,05,00
Bhopal	3,60,294	4,83,588	4,29,276	4,68,717	5,70,168	5,80	5,75
Palanpur-Deesa	38,817	44,437	45,966	54,453	58,630	52	55
Warora Colliery	—6,888	...	...	...	...	...	...
Bengal-Nagpur	2,73,88,250	2,83,80,929	2,76,16,824	2,91,40,430	3,09,98,814	3,35,00	3,40,00
Burma Railways	1,58,71,602	1,74,88,747	1,78,99,015	1,82,14,382	1,86,56,276	1,96,00	2,00,00
Burma Railway Extensions	...	4,19,845	9,74,069	11,83,592	13,33,726	14,25	14,50
Assam-Bengal	45,73,987	47,94,957	47,40,919	49,62,475	52,65,372	56,00	58,00
Jorhat	86,196	98,874	99,592	95,895	95,331	1,05	1,00
Eastern Bengal	2,53,83,103	2,66,04,408	2,76,24,741	2,78,33,207	2,87,32,327	3,20,00	3,20,00
Bengal and North-Western, and Tirhoot	67,51,698	77,40,075	81,56,998	77,47,023	82,93,536	90,00	93,00
Oudh and Rohilkhand	1,64,55,956	1,81,44,868	1,59,40,704	1,60,65,818	1,90,73,555	2,03,00	2,05,00
Lucknow-Bareilly	16,18,784	16,38,082	17,34,735	16,09,764	18,55,706	19,50	19,50
Hardwar-Dehra	3,45,574	3,90,329	3,76,179	3,79,351	3,94,918	4,35	4,50
North Western	6,36,09,390	6,86,60,087	5,64,77,585	7,13,05,408	7,36,47,723	8,00,00	7,85,00
South Indian	1,34,00,303	1,56,11,631	2,06,75,889	2,18,74,339	2,29,00,546	2,55,00	2,55,00
Mysore State lines	18,57,765	22,82,304	30,68,684	28,65,053	28,68,732	30,00	30,00
Dhone Kurnool	...	..	37,283	1,20,354	98,234	1,10	1,10
Nilgiri	3,20,242	3,34,093	...	...	...	...	..
Agra-Delhi Chord	16,46,320	16,15,900	15,17,793	14,74,866	17,65,732	22,00	20,00
Bezwáda Extension	3,49,206	3,15,375	3,38,623	3,12,154	3,42,614	3,55	3,55
North East Line, Madras Railway (East Coast, Southern Section)	59,67,405	...	...	...	...	...	...
Guntakal-Mysore Frontier	9,02,442	...	...	...	...	...	...
Tinnevelly-Quilon	4,98,585	6,17,960	6,54,829	6,45,739	7,03,544	7,70	7,70
Mayavaram-Mutupet	6,03,305	6,48,905	...	...	...	...	...
Southern Mahratta	81,10,661	...	...	...	...	...	...
Jodhpur-Hyderabad (British Section)	9,41,261	8,36,348	6,66,318	8,38,085	9,11,724	11,60	11,60
Great Indian Peninsula including Indian Midland { India	6,14,65,902	6,22,21,311	5,67,18,129	6,58,01,734	6,72,19,252	7,50,00	7,00,00
Great Indian Peninsula including Indian Midland { England	...	...	30,945	...	...	...	...
Bombay, Baroda and Central India system	4,79,37,063	4,93,46,178	4,51,59,759	4,99,77,248	5,46,35,064	5,84,83	5,77,75
Hospet Kottur	47,628	...	...	...	...	...	...
Bezwada Masulipatam	...	47,640	..	...	...	..	...
Bellary-Rayadrug	39,647	...	...	...	...	...	...
Tiruppattur-Krishnagiri	48,113	43,173	...	...	...	...	...
Morappur-Dharmapuri	34,404	30,153	...	...	...	...	...
Kalka-Simla	7,57,785	8,11,867	...	...	...	...	...
Azikhal-Mangalore	56,378	1,41,890	...	...	...	...	...
Madras and Southern Mahratta Railway	...	1,85,23,385	2,88,01,441	2,99,76,511	3,09,39,822	3,30,00	3,25,00
Baran-Kotah	...	...	3,536	48,152	1,03,829	1,75	1,50
In England	3,450	3,450	34,395	3,450	3,450	3	3
„ India	38,73,16,027	41,01,47,258	40,19,63,920	43,38,55,517	45,94,42,886	49,73,00	48,85,00
TOTAL	38,73,19,477	41,01,50,708	40,19,98,315	43,38,58,967	45,94,46,336	49,73,03	48,85,03

APPENDIX—*continued.*

Working Expenses.	Accounts. 1906-1907.	1907-1908.	1908-1909.	1909-1910.	1910-1911.	Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
East Indian	3,13,27,080	3,37,69,955	3,77,78,791	3,15,30,260	3,46,89,701	3,86,00	3,79,00
Bhopal	1,81,533	2,56,517	2,66,974	2,70,261	3,22,174	3,00	3,34
Palanpur-Deesa	20,325	20,097	27,175	27,833	27,898	28	28
Warora Colliery	57,231	...	...	...	...	...	...
Bengal-Nagpur	1,29,89,459	1,45,62,960	1,58,66,049	1,54,92,894	1,65,12,192	1,74,20	1,80,70
Burma Railways	1,00,28,892	1,06,50,234	1,07,64,252	1,17,45,957	1,18,78,505	1,27,00	1,23,65
Burma Railway Extensions	...	1,75,579	5,06,998	7,46,331	8,57,929	8,80	9,00
Assam-Bengal	39,82,185	43,23,165	46,61,697	44,68,125	44,19,964	45,75	46,00
Jorhat	89,102	90,157	80,960	96,184	80,826	83	85
Eastern Bengal	1,43,98,746	1,75,61,827	1,89,57,924	1,80,87,197	1,68,15,069	1,84,00	1,88,20
Bengal and North-Western, and Tirhoot	27,35,890	31,97,268	38,72,926	35,91,829	34,78,072	37,00	37,76
Oudh and Rohilkhand	95,62,330	1,24,02,628	1,19,18,752	96,19,432	94,10,663	1,02,00	1,12,50
Lucknow-Bareilly	7,89,911	8,08,758	8,35,010	9,08,190	7,93,862	9,50	8,50
Hardwar-Dehra	1,72,787	1,95,164	1,88,090	1,89,675	1,97,459	2,20	2,20
North Western	3,34,90,646	3,77,39,277	4,87,04,721	5,17,91,335	4,42,72,378	4,66,00	4,65,00
South Indian	69,14,141	75,02,146	1,15,81,369	1,15,05,566	1,21,01,646	1,34,50	1,46,50
Mysore State lines	11,19,760	13,78,810	19,32,434	16,87,667	17,58,808	17,50	18,00
Dhone Kurnool	...	...	19,797	78,554	64,235	89	75
Nilgiri	2,84,137	2,82,952	...	...	...	...	...
Agra-Delhi Chord	8,30,957	8,70,411	9,47,681	8,52,669	10,13,130	12,20	11,30
Bezwáda Extension	1,57,468	1,31,493	1,46,999	1,59,599	1,84,361	2,05	2,06
North East line, Madras Railway (East Coast, Southern Section)	37,45,786	...	...	...	...	...	...
Guntakal-Mysore Frontier	5,25,198	...	...	...	...	...	...
Tinnevelly Quilon	2,55,736	3,00,932	3,66,487	3,53,520	3,73,822	4,00	4,40
Mayavaram-Mutupet	3,42,249	3,55,157	...	...	...	...	...
Southern Mahratta	47,13,799	...	...	...	...	...	...
Jodhpur-Hyderabad (British Section)	4,41,882	4,75,202	4,18,681	4,80,101	5,07,815	5,50	6,00
Great Indian Peninsula including Indian Midland	3,05,03,859	3,56,11,997	3,49,32,239	3,60,61,763	3,91,45,780	4,05,00	4,06,25
Bombay, Baroda and Central India System	2,28,55,429	2,48,58,094	2,57,47,260	2,50,52,861	2,72,27,081	3,00,00	3,03,16
Hospet-Kottur	47,994	...	...	...	...	...	...
Bezwada-Masulipatam	..	21,438	...	...	...	...	...
Bellary-Rayadrug	34,016	...	...	...	...	...	...
Tirruppatur-Krishnagiri	48,101	36,932	...	...	...	...	...
Morappur-Dharmapuri	34,851	26,966	...	...	...	...	...
Kalka-Simla	4,74,351	4,50,581	...	...	...	...	...
Azikhal-Mangalore	25,578	87,005	...	...	...	...	...
Madras and Southern Mahratta Railway	...	1,19,61,808	1,83,57,779	1,83,91,988	1,86,69,948	1,95,00	1,94,00
Baran-Kotah	...	...	1,955	24,971	51,109	80	60
TOTAL	19,31,81,415	22,01,05,510	24,88,83,000	24,32,14,762	24,48,54,427	26,24,00	26,50,00

APPENDIX—*concluded.*

	Accounts.					Revised Estimate, 1911-1912.	Budget Estimate, 1912-1913.
	1906-1907.	1907-1908.	1908-1909.	1909-1910.	1910-1911.		
Net Traffic Receipts.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
East Indian	4,85,31,213	4,80,63,414	4,44,29,692	4,93,33,957	5,32,88,010	5,44,00	5,26,00
Bhopal	1,78,761	2,27,071	1,62,302	1,98,456	2,47,994	2,80	2,41
Palanpur-Deesa	18,492	24,340	18,791	26,620	30,732	24	27
Warora Colliery	—64,119	...	...	...	...	...	...
Bengal-Nagpur	1,43,98,791	1,38,17,969	1,17,50,775	1,36,47,536	1,44,86,622	1,60,80	1,59,30
Burma Railways	58,42,710	68,38,513	71,34,763	64,68,423	67,77,771	69,00	76,35
Burma Railway Extensions	...	2,44,266	4,67,071	4,37,263	4,75,797	5,45	5,50
Assam-Bengal	5,91,802	4,71,792	79,222	4,94,350	8,45,408	10,25	12,00
Jorhat	—2,906	8,717	18,632	—289	14,505	22	15
Eastern Bengal	1,09,84,357	90,42,581	86,66,817	97,46,010	1,19,17,258	1,36,00	1,31,80
Bengal and North-Western, and Tirhoot	40,15,808	45,42,807	42,84,072	41,55,194	48,15,464	53,00	55,24
Oudh and Rohilkhand	68,93,626	57,42,240	40,21,952	64,46,386	96,62,892	1,01,00	92,50
Lucknow-Bareilly	8,28,873	8,29,324	8,99,725	7,01,574	10,61,844	10,00	11,00
Hardwar-Dehra	1,72,787	1,95,165	1,88,089	1,89 676	1,97,459	2,15	2,30
North Western	3,01,18,744	3,09,20,810	77,72,864	1,95,14,073	2,93,75,345	3,34,00	3,20,0
South Indian	64,86,162	81,09,485	90,94,520	1,03,68,773	1,07,98,900	1,20,50	1,08,50
Mysore State lines	7,38,005	9,03,494	11,36,250	11,77,386	11,09,924	12,50	12 00
Dhone Kurnool	...	...	17,486	41,800	33,999	21	35
Nilgiri	36,105	51,141	...	...	...	...	...
Agra Delhi Chord	8,15,363	7,45,489	5,70,112	6,22,197	7,52,602	9,80	8,70
Bezwáda Extension	1,91,738	1,83,882	1,91,624	1,52,555	1,58,253	1,50	1 49
North East line, Madras Railway (East Coast, Southern Section)	22,21,619	...	...	...	...	...	...
Guntakal-Mysore Frontier	3,77,244	...	...	...	...	...	...
Tinnevelly-Quilon	2,42,849	3,17,028	2,88,342	2,92,219	3,29,722	3,70	3,30
Mayavaram-Mutupet	2,61,056	2,93,748	...	...	...	...	...
Southern Mahratta	33,96,862	...	...	...	...	...	...
Jodhpur-Hyderabad (British Section)	4,99,379	3,61,146	2,47,637	3,57,984	4,03,909	6,10	5,60
Great Indian Peninsula including Indian Midland	3,09,62,043	2,66,09,314	2,18,16,835	2,97,39,971	2,80,73,472	3,45,00	2 93,75
Bombay, Baroda and Central India System	2,50,81,634	2,44,88,084	1,94,12,499	2,49,24,387	2,74,07,983	2,84,83	2,74,59
Hospet-Kottur	—366	...	...	...	...	...	...
Bezwada-Masulipatam	...	26,202	...	...	...	...	...
Bellary-Rayadrug	5,631	...	...	...	...	...	...
Tirrupattur-Krishnagiri	12	6,241	...	...	...	...	...
Morappur-Dharmapuri	—447	3,187	...	...	...	...	...
Kalka-Simla	2,83,434	3,61,286	...	...	...	..	...
Azikhal-Mangalore	30,800	54,885	...	...	...	...	...
Madras and Southern Mahratta Railway	...	65,61,577	1,04,43,662	1,15,84,523	1,22,69,874	1,35,00	1,31,00
Baran-Kotah	...	...	1,581	23,181	52,720	95	90
TOTAL	19,41,38,062	19,00,45,198	15,31,15,315	19,0 ,44,205	21,45,88,459	23,49,00	22,35,00

APPENDIX—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works for five years ending 1910-11, with Revised Estimates for 1911-12, and Budget Estimates for 1912-13.

	Actuals.					Revised Estimate, 1911-12.	Budget Estimate, 1912-13.
	1906-07.	1907-08.	1908-09.	1909-10.	1910-11.		
DIRECT RECEIPTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Mandalay canal	2,59,342	3,91,658	2,76,217	2,91,443	2,86,156	2,90,000	2,92,000
Shwebo canal	99,464	2,68,091	3,15,471	5,19,267	5,34,592	6,04,000	6,40,000
Orissa canals	5,01,729	4,87,689	5,14,772	5,27,884	5,17,673	5,17,000	5,13,000
Midnapur canal	1,56,521	1,53,330	1,74,734	2,02,123	2,07,396	2,14,000	2,01,000
Hijili Tidal canal	71,515	58,703	46,055	63,742	55,357	62,000	62,000
Sone canals	15,64,819	16,63,360	18,71,088	18,95,202	17,69,789	16,89,000	17,29,000
Ganges canal (including Hathras Branch)	45,41,080	40,27,680	40,65,922	37,41,594	35,28,071	34,15,000	32,11,000
Lower Ganges canal	28,92,380	28,24,929	26,94,110	23,85,462	26,54,428	25,86,000	21,81,000
Ditto, Fatehpur Branch	2,68,441	3,01,590	3,64,066	3,45,349			
Agra canal	11,19,818	8,28,606	8,17,525	8,02,427	7,40,050	6,65,000	6,83,000
Eastern Jumna canal	16,15,213	15,27,883	13,84,614	14,53,383	12,64,610	13,10,000	12,07,000
† Dun canal	...	98,696	1,18,880	1,16,223	1,15,654	1,03,000	96,000
† Bijnor canal	...	18,760	26,778	30,111	31,665	33,000	29,000
Betwa canal	2,63,612	2,11,431	1,19,447	2,86,365	1,83,900	2,35,000	1,75,000
Western Jumna canal	31,38,384	30,70,580	24,11,139	21,64,690	20,67,901	24,00,000	22,50,000
Lower Chenab canal	76,84,112	60,71,272	71,18,579	84,95,508	90,10,924	81,50,000	80,30,000
Upper Bari Doab canal	35,69,867	33,86,707	35,16,300	35,33,808	35,80,939	38,25,000	37,00,000
Sirhind canal	32,20,358	31,05,728	30,19,407	21,04,786	20,23,490	30,05,000	26,36,000
Lower Jhelum canal	13,56,607	13,62,674	19,34 822	21,04,205	23,14,947	22,00,000	23,50,000
Indus Inundation canals	1,62,445	1,20,276	1,44,057	1,78,155	1,72,463	2,20,000	1,60,000
Lower Swat River canal	5,12,330	5,32,841	5,43,658	5,67,754	5,44,662	5,58.000	5,55,000
Kabul River canal	...	1,25,644	1,56,585	1,63,762	1,56,353	1,68,000	1,75,000
Godavari Delta System	1,08,822	1,17,722	1,24,262	1,27,098	1,29,856	1,28,000	1,30,000
Kistna „ „	83,765	81,657	83,697	88,683	88,473	88,000	90,000
Pennér River canals „	2,525	2,727	5,798	2,074	3,274	3,000	2,000
Periyar Project	2,179	3,375	3,956	10,241	13,803	10,000	10,000
Cauvery Delta System	1,995	3,373	2,407	4,549	6,000	5,000	4,000
Rushikulya Project	1,036	2,457	2,637	2,777	1,309	2,000	3,000
Lower Coleroon anicut system	...	2,591	1,679	2,320	2,187	1,000	1,000
Shatiatope anicut „	...	866	744	815	498	...	...
Desert canal	1,11,170	75,284	66,755	1,01,774	91,208	78,000	85,000
Begari „	40,217	41,325	44,222	43,131	35,717	27,000	33,000
Eastern Nara Works	37,473	49,406	31,654	23,572	23,572	32,000	19,000
Mutha canals	3,28,532	3,43,020	3,66,300	3,54,618	3,96,247	3,64,000	3,66,000
Nira canal	2,27,150	4,60,671	2,95,164	4,01,109	3,20,314	4,03,000	4,33,000
Jamrao canal	16,940	16,488	16,101	20,238	27,066	34,000	17,000
Other projects	11,73,575	12,81,125	10,34,748	14,49,919	14,20,214	14,07,000	15,30,000
TOTAL	3,51,33,476	3,31,20,215	3,37,14,356	3,46,0 ,161	3,43,20,758	3,48,31,000 *	3,35,98,000 *
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Mandalay canal	30,596	5,505	53,345	53,6 8	51,637	53,000	54,000
Shwebo canal	14,595	24,076	26,791	42,934	65,758	64,000	74,000
Ganges canal	9,19,139	9,22,411	9,23,276	9,29,409	9,35,716	9,36,000	9,36,000
Lower Ganges canal	3,88,669	4,16,669	4,16,669	4,29,702	4,43,493	4,43,000	4,43,000
Ditto Fatehpur Branch	...	388	388	388			
Eastern Jumna „	2,53,952	2,53,952	2,53,952	2,53,952	2,53,952	2,54,000	2,54,000
† Dun canal	...	24,980	24,980	24,980	24,980	25,000	25,000
† Bijnor canal	...	14,984	14,984	14,984	14,984	15,000	15,000
Carried over	16,06,951	16,62,965	17,14,385	17,49,997	17,90,520	17,90,000	18,01,000

*Excluding Civil Officers' figures as under:—

	Revised. Rs.	Budget. Rs.
United Provinces	1,60,000	1,50,000
Punjab	7,12,000	6,39,000
Total	8,72,000	7,89,000

† Transferred to 49 from 1st April 1907.

APPENDIX —*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1910-11, with Revised Estimates for 1911-12, and Budget Estimates for 1912-13—*continued.*

	Actuals.					Revised Estimate, 1911-12.	Budget Estimate, 1912-13.
	1906-07.	1907-08.	1908-09.	1909-10	1910-11.		
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Brought forward .	16,06,951	16,62,965	17,14,385	17,49,997	17,90,520	17,90,000	18,01,000
PORTION OF LAND REVENUE DUE TO IRRIGATION—*contd.*							
Western Jumna canal . .	...	...	30	130	2,75,586	2,75,000	2,75,000
Lower Chenab canal . .	10,95,882	10,51,332	13,34,580	16,99,083	17,07,676	40,90,000	45,00,000
Upper Bari Doab canal .	3,00,639	3,13,004	3,19,853	3,25,331	3,25,187	3,26,000	3,25,000
Lower Jhelum „ . .	2,69,721	3,19,280	3,78,515	4,03,369	4,93,381	5,00,000	4,90,000
Indus Inundation canals .	2,74,872	3,16,389	2,44,200	2,74,563	2,72,619	2,60,000	2,60,000
Lower Swat River canal	50,420	50,393	50,451	50,376	50,568	50,000	50,000
† Kabul River canal . .	...	2,175	39,879	5,436	5,649	15,000	6,000
Godavari Delta System .	33,02,168	34,23,425	35,14,232	34,04,419	33,75,550	33,88,000	33,88,000
Kistna „ „ .	30,24,604	31,27,650	32,07,665	32,62,547	32,92,091	33,45,000	33,45,000
Pennér River canals „ .	5,06,271	5,30,680	5,74,297	4,08,308	5,79,763	5,80,000	5,80,000
Periyar Project . . .	4,93,493	5,19,689	5,20,865	5,34,958	5,34,393	5,28,000	5,53,000
Cauvery Delta System .	9,15,939	9,32,393	9,32,380	9,37,519	9,40,219	9,54,000	9,54,000
Rushikulya Project . .	1,04,874	1,04,557	1,09,070	1,16,318	1,36,833	1,36,000	1,36,000
† Lower Coleroon anicut system		2,77,144	2,78,952	2,81,959	2,78,803	2,81,000	2,81,000
† Shatiatope anicut „	...	1,04,152	1,06,654	1,00,733	1,01,874	1,02,000	1,02,000
Desert canal . . .	2,56,319	1,32,387	2,68,678	2,29,577	2,51,332	2,57,000	2,56,000
Begari „ . . .	4,69,903	5,27,973	5,49,748	4,80,083	4,57,215	4,15,000	3,55,000
Easten Nara Works . .	6,82,701	4,62,019	5,53,773	5,28,887	5,88,428	5,87,000	6,28,000
Mutha canal . . .	*—7,562*	*—9,208*	*—10,899*	*—10,117*	*—12,088*	...	...
Nira canal . . .	*—11,148*	*—22,407*	*—14,214*	*—19,764*	*—15,768*	...	...
Jamrao canal . . .	6,52,546	6,24,200	4,59,024	5,57,629	6,42,662	5,93,000	6,75,000
Other projects . . .	11,16,117	11,57,797	12,33,550	14,39,479	15,97,585	18,32,000	18,04,000
TOTAL .	1,51,04,710	1,56,07,989	1,63,65,668	1,67,60,820	1,76,70,078	2,03,04,000	2,07,64,000
TOTAL REVENUE—							
Mandalay canal . . .	2,89,938	3,97,163	3,29,562	3,45,091	3,37,793	3,43,000	3,46,000
Shwebo canal . . .	1,14,059	2,92,167	3,42,262	5,62,201	6,00,350	6,68,000	7,14,000
Orissa canals . . .	5,01,729	4,87,689	5,14,772	5,27,884	5,17,673	5,17,000	5,13,000
Midnapur canal . .	1,56,521	1,53,330	1,74,734	2,02,123	2,07,396	2,14,000	2,01,000
Hijili Tidal canal . .	71,515	58,703	46,055	63,742	55,357	62,000	62,000
Sone canals . . .	15,64,819	16,63,360	18,71,088	18,95,202	17,69,789	16,89,000	17,29,000
Ganges canal (including Hathras Branch) . . .	54,60,219	49,50,091	49,89,198	46 71,003	44,63,787	43,51,000	41,47,000
Lower Ganges canal . .	32,81,049	32,41,598	31,10,779	28,15,164	30,97,921	30,29,000	26,24,000
Ditto, Fatehpur Branch . .	2,68,441	3,01,978	3,64,454	3,45,737			
Agra canal . . .	11,19,818	8,28,606	8,17,525	8,02,427	7,40,050	6,65,000	6,83,000
Eastern Jumna canal . .	18,69,165	17,81,835	16,38,566	17,07,335	15,18,562	15,64,000	14,61,000
Betwa canal . . .	2,63,612	2,11,431	1,19,447	2,86,365	1,83,900	2,35,000	1,75,000
†Dun canal . . .	...	1,23,676	1,43,866	1,41,203	1,40,634	1,28,000	1,21,000
†Bijnor canal . . .	...	33,744	41,762	45,095	46,649	48,000	44,000
Western Jumna canal . .	31,38,384	30,70,580	24,11,169	21,64,820	23,43,487	26,75,000	25,25,000
Lower Chenab canal . .	87,79,994	71,22,604	84,53,159	1,01,94,591	1,07,18,600	1,22,40,000	1,25,30,000
Upper Bari Doab canal .	38,70,506	36,99,711	38,36,153	38,59,139	39,06,126	41,51,000	40,25,000
Sirhind canal . . .	32,20,358	31,05,728	30,19,407	21,04,786	20,23,490	30,05,000	26,36,000
Lower Jhelum canal . .	16,26,388	16,81,954	23,13,337	25,07,574	28,08,328	27,00,000	28,40,000
Indus Inundation canals .	4,37,317	4,36,665	3,88,257	4,52,718	4,45,082	4,80,000	4,20,000
Lower Swat River canal .	5,62,750	5,83,234	5,94,109	6, 8,130	5,95,230	6,08,000	6,05,000
†Kabul River canal . .	...	1,27,819	1,96,464	1,69,198	1,62,002	1,83,000	1,81,000
Godavari Delta System .	34,10,990	35,41,147	36,38,494	35,31,517	35,05,406	35,16,000	35,18,000
Kistna „ „ .	31,08,369	32,09,307	32,91,362	33,51,230	33,80,564	34,33,000	34 35,000
Carried over .	4,31,15,941	4,11,04,120	4,26,45,981	4,33,64,275	4,35,68,176	4,65,04,000	4,55,35,000

† Transferred to 49 from 1st April 1907.

APPENDIX—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works for five years ending 1910-11, with Revised Estimates for 1911-12, and Budget Estimates for 1912-13—*continued.*

	Actuals.					Revised Estimate, 1911-12.	Budget Estimate, 1912-13.
	1906-07.	1907-08.	1908-09.	1909-10.	1910-11.		
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Brought forward	4,31,15,941	4,11,04,120	4,26,45,981	4,33,64,275	4,35,68,176	4,65,04,000	4,55,35,000
TOTAL REVENUE—*concld.*							
Pennér River canals	5,08,796	5,33,407	5,80,095	4,10,382	5,83,037	5,83,000	5,82,000
Periyar Project	4,95,672	5,23,064	5,24,821	5,45,199	5,48,106	5,38,000	5,63,000
Cauvery Delta System	9,17,934	9,35,766	9,34,787	9,42,068	9,46,219	9,59,000	9,58,000
Rushikulya Project	1,05,910	1,07,014	1,11,707	1,19,095	1,38,142	1,38,000	1,39,000
†Lower Coleroon anicut system	...	2,79,735	2,80,631	2,84,279	2,80,990	2,82,000	2,82,000
†Shatiatope anicut „	...	1,05,018	1,07,398	1,01,548	1,02,372	1,02,000	1,02,000
Desert canal	3,67,489	2,07,671	3,35,433	3,31,351	3,42,540	3,35,000	3,41,000
Begari „	5,10,120	5,69,298	5,93,970	5,23,214	4,92,932	4,42,000	3,88,000
Eastern Nara Works	7,20,174	5,11,425	5,85,427	5,52,459	6,12,000	6,19,000	6,47,000
Mutha canals	3,20,970	3,33,812	3,55,401	3,44,501	3,84,159	3,64,000	3,66,000
Nira canal	2,16,002	4,38,264	2,80,950	3,81,345	3,04,546	4,03,000	4,33,000
Jamrao canal	6,69,486	6,40,688	4,75,125	5,77,867	6,69,728	6,27,000	6,92,000
Other projects	22,89,692	24,38,922	22,68,298	28,89,398	30,17,799	32,39,000	33,34,000
TOTAL	5,02,38,186	4,87,28,204	5,00,80,024	5,13,66,981	5,19,90,836	5,51,35,000	5,43,62,000
WORKING EXPENSES—							
Mandalay canal	85,898	81,472	82,392	81,457	94,787	89,000	94,000
Shwebo canal	47,241	1,19,394	1,19,591	1,37,721	1,66,463	1,75,000	2,30,000
Orissa canals	3,99,092	4,30,069	4,19,057	4,44,664	4,47,819	4,46,000	4,52,000
Midnapur canal	1,61,123	1,84,291	2,12,361	2,21,375	1,90,318	2,08,000	2,15,000
Hijili Tidal canal	51,493	40,783	46,676	55,740	74,508	45,000	36,000
Sone canals	5,73,895	7,51,790	6,98,982	7,04,989	7,15,221	6,96,000	6,84,000
Ganges canal	13,16,804	12,22,219	12,56,713	12,97,630	11,86,609	10,69,000	9,13,000
Lower Ganges canal	10,46,866	10,43,099	10,36,765	10,08,748	} 11,18,824	10,46,000	10,57,000
Ditto, Fatehpur Branch	1,22,204	1,33,344	1,37,413	1,34,651			
Agra canal	3,32,366	3,16,712	3,35,275	3,83,954	3,34,822	3,40,000	3,17,000
Eastern Jumna canal	4,46,771	4,18,193	4,11,535	4,83,584	4,38,285	4,20,000	3,88,000
Betwa canal	1,08,053	1,23,490	1,33,140	1,17,460	1,31,059	1,60,000	1,64,000
†Dun canal	...	81,194	1,09,600	1,33,133	1,06,572	1,34,000	83,000
†Bijnor canal	...	16,589	16,765	21,395	21,303	20,000	21,000
Western Jumna canal	10,64,403	9,89,606	9,92,668	10,61,811	10,43,129	11,52,000	10,25,000
Lower Chenab canal	18,48,265	18,65,256	19,28,633	23,37,425	22,67,303	23,45,000	22,00,000
Upper Bari Doab canal	11,88,489	14,86,234	13,44,928	13,24,386	13,26,549	15,53,000	13,50,000
Sirhind canal	10,34,695	9,20,563	8,99,546	8,28,628	8,45,564	9,42,000	8,00,000
Lower Jhelum canal	7,45,058	7,23,559	8,26,808	8,00,166	8,29,014	10,02,000	8,80,000
Indus Inundation canals	3,18,987	3,60,311	4,47,559	6,88,949	6,76,704	4,34,000	4,00,000
Lower Swat River canal	1,13,839	1,18,842	1,36,679	1,40,726	1,43,055	1,50,000	1,20,000
†Kabul River canal	...	96,616	60,122	72,283	97,600	97,000	1,00,000
Godavari Delta System	6,30,672	7,11,456	7,69,866	8,32,095	7,80,126	7,50,000	8,00,000
Kistna „ „	6,39,218	5,33,036	5,67,852	5,58,559	7,10,514	6,25,000	6,50,000
Pennér River canals „	79,445	67,953	70,682	68,934	75,370	52,000	64,000
Periyar Project	69,971	1,65,530	1,61,144	1,35,374	1,14,356	1,26,000	1,15,000
Cauvery Delta System	94,707	81,303	1,54,028	1,17,419	1,87,852	1,20,000	1,46,000
Rushikulya Project	73,554	41,387	47,355	48,383	36,767	42,000	38,000
†Lower Coleroon anicut system	...	75,771	59,902	60,021	92,123	88,000	78,000
†Shatiatope anicut „	...	23,784	22,218	20,343	25,551	24,000	23,000
Desert canal	1,39,328	1,79,374	1,26,153	1,13,096	1,37,454	1,43,000	1,37,000
Carried over	1,27,32,437	1,34,12,220	1,36,32,408	1,44,35,099	1,44,15,621	1,44,93,000	1,35,80,000

† Transferred to 49 from 1st April 1907.

APPENDIX—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works for five years ending 1910-11, with Revised Estimates for 1911-12, and Budget Estimates for 1912-13—*continued.*

	Actuals.					Revised Estimate, 1911-12.	Estimate 1912-13.
	1906-07.	1907-08.	1908-09.	1909-10.	1910-11.		
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Brought forward	1,27,32,437	1,34,12,220	1,36,32,408	1,44,35,099	1,44,15,621	1,44,93,000	1,35,80,000
WORKING EXPENSES—*concld.*							
Begari canal	54,553	56,636	1,00,364	79,377	1,80,608	1,42,000	1,11,000
Eastern Nara Works	1,13,835	1,65,291	2,19,669	1,64,741	1,94,170	2,19,000	1,76,000
Mutha canals	93,618	94,580	1,01,410	1,04,492	99,945	84,000	95,000
Nira canal	70,419	74,710	74,026	70,048	74,003	78,000	1,30,000
Jamrao canal	2,67,529	2,92,478	3,42,833	2,70,771	2,81,773	2,22,000	3,18,000
Other projects	8,37,096	9,64,222	10,78,116	12,88,638	13,98,199	18,22,000	21,59,000
TOTAL	1,41,69,487	1,50,60,137	1,55,48,826	1,64,13,166	1,66,44,319	1,70,60,000 *	1,65,69,000
NET REVENUE—							
Mandalay canal	2,04,040	3,15,691	2,47,170	2,63,634	2,43,006	2,54,000	2,52,000
Shwebo canal	66,818	1,72,773	2,22,671	4,24,480	4,33,887	4,93,000	4,84,000
Orissa canals	1,02,637	57,620	95,715	83,220	69,854	71,000	61,000
Midnapur canal	*—4,602*	*—30,961*	*—37,627*	*—19,252*	17,078	6,000	*—14,000*
Hijili Tidal canal	20,022	17,920	*—621*	8,002	*—19,151*	17,000	26,000
Sone canals	9,90,924	9,11,570	11,72,106	11,90,213	10,54,568	9,93,000	10,45,000
Ganges canal (including Hathras Branch)	41,43,415	37,27,872	37,32,485	33,73,373	32,77,178	32,82,000	32,34,000
Lower Ganges canal	22,34,183	21,98,499	20,74,014	18,06,416	19,79,097	19,83,000	15,67,000
Ditto, Fatehpur Branch	1,46,237	1,68,634	2,27,041	2,11,086			
Agra canal	7,87,452	5,11,894	4,82,250	4,18,473	4,05,228	3,25,000	3,66,000
Eastern Jumna canal	14,22,394	13,63,642	12,27,031	12,23,751	10,80,277	11,44,000	10,73,000
Betwa canal	1,55,559	87,941	*—13,693*	1,68,905	52,841	75,000	11,000
Dun canal	...	42,482	34,266	8,070	34,062	*—6,000*	38,000
Bijnor canal	...	17,155	24,997	23,700	25,346	28,000	23,000
Western Jumna canal	20,73,981	20,80,974	14,18,501	11,03,009	13,00,358	15,23,000	15,00,000
Lower Chenab canal	69,31,729	52,57,348	65,24,526	78,57,166	84,51,297	98,95,000	1,03,30,000
Upper Bari Doab canal	26,82,017	22,13,477	24,91,225	25,34,753	25,79,577	25,98,000	26,75,000
Sirhind canal	21,85,663	21,85,165	21,19,861	12,76,158	11,77,926	20,63,000	18,36,000
Lower Jhelum canal	8,81,330	9,58,395	14,86,529	17,07,408	19,79,314	16,98,000	19,60,000
Indus Inundation canals	1,18,330	67,354	*—59,302*	*—2,36,231*	*—2,31,622*	46,000	20,000
Lower Swat River canal	4,48,911	4,64,392	4,57,430	4,77,404	4,52,175	4,58,000	4,85,000
Kabul River canal	...	31,203	1,36,342	96,915	64,402	86,000	81,000
Godavari Delta System	27,80,318	28,29,691	28,68,628	26,99,422	27,25,280	27,66,000	27,18,000
Kistna „ „	24,69,151	26,76,271	27,23,510	27,92,671	26,70,050	28,08,000	27,85,000
Pennér River canals „	4,29,351	4,65,454	5,09,413	3,41,448	5,07,667	5,31,000	5,18,000
Periyar Project	4,25,701	3,57,534	3,63,677	4,09,825	4,33,840	4,12,000	4,48,000
Cauvery Delta System	8,23,227	8,54,463	7,80,759	8,24,649	7,58,367	8,39,000	8,12,000
Rushikulya Project	32,356	65,627	64,352	70,712	1,01,375	96,000	1,01,000
Lower Coleroon anicut system	...	2,03,964	2,20,729	2,24,258	1,88,867	1,94,000	2,04,000
Shatiatope anicut „	...	81,234	85,180	81,205	76,821	78,000	79,000
Desert canal	2,28,161	28,297	2,09,280	2,18,255	2,05,086	1,92,000	2,04,000
Begari „	4,55,567	5,12,662	4,93,606	4,43,837	3,12,324	3,00,000	2,77,000
Eastern Nara Works	6,06,339	3,46,134	3,65,758	3,87,718	4,17,830	4,00,000	4,71,000
Mutha canals	2,27,352	2,39,232	2,53,991	2,40,009	2,84,214	2,80,000	2,71,000
Nira canal	1,45,583	3,63,554	2,06,924	3,11,297	2,30,543	3,25,000	3,03,000
Jamrao canal	4,01,957	3,48,210	1,32,292	3,07,096	3,87,955	4,05,000	3,74,000
Other projects	14,52,596	14,74,700	11,90,182	16,00,760	16,19,600	14,17,000	11,75,000
TOTAL	3,60,68,699	3,36,68,067	3,45,31,198	3,49,53,815	3,53,46,517	3,80,75,000	3,77,93,000

* Excluding Civil Officers' figures as under :—

	Revised. Rs.	Budget. Rs.
United Provinces	18,000	18,000
Punjab	2,000	1,000
TOTAL	20,000	19,000

APPENDIX—*continued.*

TABLE VI—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAY.

Actuals, 1910-1911.

RAILWAYS.	Amount in Rupees.	Amount in sterling at contract rates.	Equivalent at Rs. 15=£ 1.	Exchange.
	₹	£	₹	₹
GUARANTEED RAILWAYS.				
RECEIPTS.				
Madras				
ADVANCES.				
Madras	46,405	3,093	46,395	
NET RECEIPTS.				
Madras	—46,405	—3,093	—46,395	
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
Capital received in India — Amritsar Patti	18,000	1,200	18,000	...
Idar Road Brahmakhed	10,10,113	67,341	10,10,113	...
Ahmedabad-Dholka	1,000	67	1,000	..
Ahmedabad-Parantij	25,000	1,666	25,000	...
Hardwar-Dehra	18,000	1,200	18,000	...
Mymensingh-Jamalpur-Jagannathganj	66,000	4,400	66,000	...
Tapti Valley	10,500	700	10,500	...
Patti-Kasur	1,60,000	10,667	1,60,000	...
TOTAL RECEIPTS	13,08,613	87,241	13,08,613	...
WITHDRAWALS IN INDIA.				
Assam Bengal	—10,70,324	—71,355	—10,70,324	..
Bengal Nagpur	1,67,04,175	1,113,612	1,67,04,175	...
Ditto Extensions	—1,32,66,822	—884,455	—1,32,66,822	...
Burma	16,40,692	109,380	16,40,692	...
Indian Midland	—4 16,48,319	—2,770,554	—4,16,48,310	...
Ditto Saugor-Katni	53	3	53	...
Lucknow-Bareilly	—2,18,287	—14,55¹	—2,18,287	...
Madras and Southern Mahratta	—10,34.330	—68,955	—10,34,330	...
	—3,88,03,162	—2,592,876	—3,88,03,162	...
Idar Road Brahmakhed	10,64,703	70 9°0	10,64,703	...
Amritsar-Patti-Kasur	2,62,336	17,493	2,62,396	...
Ahmedabad-Dholka	359	24	359	...
Ahmedabad-Parantij	15,740	1,049	15,740	...
Hardwar-Dehra	7,082	472	7,082	...
Mymensingh-Jamalpur-Jagannathganj	43,800	2,920	43,800	...
Tapti Valley	12,732	849	12,732	...
	...	...	...	...
	14,06,812	93,787	14,06,812	...
TOTAL WITHDRAWALS	—3,74,86,350	—2,490,089	—3,74,86,350	...
Net Withdrawals	—3,87,94,963	—2,586,330	—3,87,94,963	...
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	—3,87,48,558	—2,583,237	—3,87,48,568	

APPENDIX—*continued.*

TABLE VI—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—*continued.*

Revised Estimate, 1911-1912.

RAILWAYS.	Amount in Rupees, (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£ 1. (Omitting 000.)	Exchange. (Omitting 000.)
	£		£	£
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
Capital received in India. Idar Road Bramakhed	3,13	20,9	3,13	
Amritsar-Patti-Kasur	2,23	14,9	2,23	
Ahmedabad-Dholka	5	3	5	
Ahmedabad-Parantij	16	1,1	16	
Murtajapur Ellichpur	3,81	25,4	3,81	
Hardwar-Dehra	36	2,4	36	
Mymensingh-Jamalpur-Jagannathganj	41	2,7	41	
Tapti Valley	18	1,2	18	
TOTAL RECEIPTS	10,33	68,9	10,33	
WITHDRAWALS IN INDIA.				
Assam Bengal	—6,55	—43,7	—6,55	
Bengal Nagpur	13,90	92,7	13,90	
Ditto Extensions	37,18	247,9	37,18	
Burma	12,90	86,0	12,90	
Lucknow-Bareilly	—74	—4,9	—74	
Madras and Southern Mahratta	—33,61	—224,1	—33,61	
	23,08	53 ,9	23,08	
Amritsar-Patti-Kasur	1,67	11,1	1,67	
Ahmedabad-Dholka	10	7	10	
Ahmedabad-Parantij	10	7	10	
Idar Road Brahmakhed	3,23	21,5	3,23	
Hardwar-Dehra	30	2,0	30	
Mymensingh-Jamalpur-Jagannathganj	61	4,1	61	
Murtajapur Ellichpur	3,81	25,4	3,81	
Tapti Valley	20	1,3	20	
	10,02	66,8	10,02	
TOTAL WITHDRAWALS	33,10	220,7	33,10	
Net Withdrawals	22,77	151,8	22,77	

APPENDIX—*concluded.*

TABLE VI—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—*concluded.*

Budget Estimate, 1912-1913.

RAILWAYS.	Amount in Rupees. (Omitting 000.	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000.)	Exchange. (Omitting 000.)
	R	£	*R*	£
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
CAPITAL RECEIVED IN INDIA				
Ahmedabad-Dholka	10	7	10	...
Ahmedabad-Parantij	..	...	...	...
Amritsar-Pattii-Kasur	24	1,6	24	..
Hardwar-Dehra	25	1,7	25	...
Idar-Road-Brahmakhed	93	6,2	93	...
Mymensingh-Jamalpur-Jagannathganj	30	2,0	30	...
Murtajapur-Ellichpur	11,38	75,8	11,38	...
Murtajapur Yeotmal	9,50	63,3	9,50	...
Tapti Valley	64	4,3	64	...
TOTAL RECEIPTS	23,34	155,6	23,34	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	—6,34	—42,3	—6,34	...
Bengal-Nagpur	8,37	55,8	8,37	...
Ditto Extensions	42,19	281,3	42,19	...
Burma	10,78	71,9	10,78	...
Lucknow-Bareilly	—2,87	—19,1	—2,87	...
Madras and Southern Mahratta	—24,33	—162,2	—24,33	..
	27,80	185,4	27,80	
Ahmedabad-Dholka	10	7	10	
Ahmedabad-Parantij	10	7	10	..
Amritsar-Patti-Kasur	24	1,6	24	.
Hardwar-Dehra	25	1,7	25	.
Idar Road Brahmakhed	93	6,2	93	..
Mymensingh-Jamalpur-Jagannathganj	30	2,0	30	...
Murtajapur-Ellichpur	11,38	75,8	11,38	..
Murtajapur Yeotmal	9,50	63,3	9,50	...
Tapti Valley	64	4,3	64	...
	23,44	156,3	23,44	...
TOTAL WITHDRAWALS	51,24	341,7	51,24	
Net Withdrawals	27,90	186,1	27,90	

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO 1909 (24 & 25 VICT., c. 67, 55 & 56 VICT., c. 14, AND 9 EDW. VII, c. 4).

The Council met at Government House, Calcutta, on Monday, the 25th March 1912.

PRESENT :

His Excellency BARON HARDINGE OF PENSHURST, P.C., G.C.B., G.C.M.G., G.C.V.O., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*, and 59 Members, of whom 51 were Additional Members.

QUESTIONS AND ANSWERS.

The Hon'ble Raja of Dighapatia asked :

" Is it a fact that the *Pioneer* till very recently charged double its ordinary rates for all official advertisements ? If so, how long since has this arrangement been discontinued ? "

The Hon'ble Sir Reginald Craddock replied :

"The rate charged by the *Pioneer* for Government advertisements is 8 annas per line, and no change has recently been made in this respect. It is understood that the rates charged by the same newspaper for private casual advertisements vary between 4 annas and 9 annas per line according to the position in the paper in which the advertisements are inserted."

The Hon'ble Raja of Dighapatia asked :

" Is it the intention of the Government to appoint qualified Indians in the work of scientific investigation of tropical diseases now being carried on by the Central Research Institutes at Kasauli and in other similar institutes in the country ?

The Hon'ble Sir Harcourt Butler replied :

" The Government of India will always employ the best man available for any inquiry of a scientific nature, no matter what his race or creed may be. Dr. Korke, who is an Indian, has recently been appointed to inquire into Kala-azar."

QUESTIONS AND ANSWERS; BENGAL, BIHAR AND ASSAM LAWS.

[*Raja of Dighapatia; Sir Harcourt Butler; Raja Pratab Bahadur Singh; Sir Robert Carlyle; Sir Gangadhar Rao Chitnavis; Mr. Syed Ali Imam.*] [25TH MARCH 1912.]

The Hon'ble Raja of Dighapatia asked:

"Does the Government propose to publish annually a statement showing in each Province the mortality under different heads and the measures taken to improve the several sanitary conditions of each Province?"

The Hon'ble Sir Harcourt Butler replied:

"The Hon'ble Member is referred to the statements appended to sections III and VII of the Report of the Sanitary Commissioner with the Government of India, and to the annual reports of the Provincial Sanitary Commissioners, in which he will find the information he requires."

The Hon'ble Raja Pratab Bahadur Singh asked:

"(*a*) Will the Government be pleased to state how much area in each reseved forest is open for pasturage of cattle?

"(*b*) Are Government aware that there are pressing demands for pasture lands?

"(*c*) If so, do Government propose to increase the pasturable area free or on receipt of fee per head of cattle grazing in the said area?

"(*d*) Do Goverment propose to encourage the reservation of land in each village for pasturage of cattle and not assess revenue upon it?"

The Hon'ble Sir Robert Carlyle replied:

"(*a*) Figures are not available for each reserved forest, but I lay a statement* on the table giving some details by Provinces.

"(*b*) The Government of India are aware that there are tracts in which it would be very desirable, if possible, to increase the pasturable area.

"(*c*) The question of increasing the pasturable area where this is practicable and desirable is essentially one for Local Governments to deal with, and the Government of India can lay down no general rules in the matter.

"(*d*) Steps are already taken in several Provinces to provide grazing grounds free of assessment for village cattle, but the introduction of such arrangements and the manner in which they should be carried out are questions primarily for the consideration of Local Governments. It may be noticed that the Government of India have recently sanctioned an experiment proposed by the Government of the United Provinces by which revenue on 80,000 acres of waste-land in Oudh has been remitted on the condition that this area was maintained for the grazing of migratory herds of cattle."

The Hon'ble Sir Gangadhar Rao Chitnavis asked:

"Do the Government intend to have settlements for thirty years or for longer terms in the Central Provinces, especially in the fully developed districts?"

The Hon'ble Sir Robert Carlyle replied:

"The Government of India do not consider that any districts in the Central Provinces are at present so developed as to justify the extension of the term of settlement in them for a longer period than twenty years."

BENGAL, BIHAR AND ASSAM LAWS BILL.

The Hon'ble Mr. Syed Ali Imam: "My Lord, I beg to move for leave to introduce a Bill to make certain provisions regarding the application of the

*Vide Appendix.

BENGAL, BIHAR AND ASSAM LAWS.

[25TH MARCH 1912.] [*Mr. Syed Ali Imam; the President; Babu Bhupendra nath Basu.*]

law in force in the Presidency of Fort William in Bengal, the Province of Bihar and Orissa and the Province of Assam.

"The Proclamations which appeared in the *Gazette of India Extraordinary* last Saturday relate to important re-distributions of territories which at present constitute the Provinces of Bengal and Eastern Bengal and Assam. As these territorial re-distributions have to take effect from the 1st of April next, it has become a matter of extreme urgency to provide for the adaptation and application of the laws in force in those territories. Under the provisions of the Indian Councils Acts, the existing laws continue to remain in force in the newly created Provinces so long as they are not repealed or altered. With a view to make these very laws applicable to the changed conditions created by the said Proclamations, some modifications are necessary merely for the exercise of powers that exist under the different laws in force. The Bill which I am now moving for leave to introduce provides for this and is framed on the lines of the Bengal and Assam Laws Act of 1905. It continues the laws in force in the territories affected by the Proclamations and merely provides for their administration by the new authorities which will come into existence next Monday. The Bill aims at the application of the existing law without making any amendment or alteration of substance. It is obvious that a measure of this kind must receive the sanction of the Legislature before the Proclamations take effect. Under the circumstances, should the motion before the Council be adopted, I shall ask for the provisions of the Bill to be at once taken into consideration with a view to its being passed at to-day's sitting. It is of a purely formal and non-controversial character. In fact, I have excluded, even at the risk of some possible temporary inconvenience, all matters which might lead to controversy and have left them to be dealt with by future legislation. It will be seen therefore that with two small exceptions, to which I will presently call attention, the Bill is no more than a draftsman's Bill.

"Clause 4 of the Bill constitutes a Board of Revenue for the Province of Behar and Orissa. It does no more than place the territories of the new Province on the same footing on which they stand at present under the Bengal Board of Revenue for the purposes of this branch of the administration.

"Clause 7 taken with Schedule E makes certain amendments in Acts which confer immunities or vest functions in authorities now existing in the Province of Bengal. A glance at the Schedules will show that they are so obviously appropriate that I need not take up the time of the Council in explaining or justifying them further.

"The Bill otherwise makes no change in the existing law."

The motion was put and agreed to.

The Hon'ble Mr. Syed Ali Imam introduced the Bill.

The Hon'ble Mr. Syed Ali Imam moved the President to suspend the rules of business to admit of the Bill being taken into consideration.

The President declared the rules to be suspended.

The Hon'ble Mr. Syed Ali Imam moved that the Bill be taken into consideration.

The Hon'ble Babu Bhupendranath Basu: "My Lord, with reference to the Bill which has just now been placed before us, there is one question which strikes me. Under clause 4, a new Board of Revenue is going to be created for the Province of Bihar and Orissa, and clause 6 provides that all proceedings which at the commencement of this Act are pending in respect of any territory mentioned in the Schedule shall not be affected by the provisions of the Bill. I take it that the learned Law Member is aware that the entire revenue-administration of the Province of Bihar and Orissa is at the present moment under the control of the Board of Revenue, which is exercising jurisdiction over the old Province of Bengal, and that many matters affecting Bihar, Orissa and Chota Nagpur are pending for final decision before the Board here in respect of which some proceedings have been taken, and there are matters which have been partly heard. Do I understand that section 6 will

protect these proceedings being taken *de novo* before the new Board of Revenue that is going to be created in Bihar, or will they be allowed to be heard by the Board before which they are pending?"

The Hon'ble Mr. Syed Ali Imam: "My Lord, section 6 of the Bill provides for this, that any such proceedings as have been referred to, will continue to remain unaffected by this Act, if this Bill is passed into law. And the answer to that question is that there will be no change in respect of those proceedings. Section 4 provides for the creation of a new Board of Revenue for Bihar and Orissa and stands on a separate footing altogether from section 6."

The motion was put and agreed to.

The Hon'ble Mr. Syed Ali Imam moved that the Bill be passed.

The motion was put and agreed to.

BUDGET FOR 1912-13.

The Hon'ble Mr. Gokhale: "My Lord, I propose to make a few observations to-day on the general state of our finances, but, before doing that, I would like, with Your Lordship's permission, to make one or two references of a personal nature. My Lord, this is the last time when my Hon'ble friend, Sir James Meston, will sit in this Council, at any rate as Financial Secretary, and I would like to take this opportunity to thank him publicly, and in Your Excellency's presence, for all the valuable assistance which he has uniformly given to non-official members during the last three years. Ever accessible, ever courteous, ever helpful, the Hon'ble Member has enabled many of us to perform our duty in this Council better than we could otherwise have done. He has believed whole-heartedly in the new order inaugurated by the recent reforms; and he has also believed in the capacity of non-official members to rise equal to their new responsibilities. And if this Council has not wholly disappointed expectations, the result, at any rate on the financial side of our discussions, is in no small measure due to the sympathetic and generous attitude of the Hon'ble Member towards us. My Lord, our best wishes accompany Sir James Meston in his new and exalted sphere, and I earnestly trust that, when his five years of office are over, he will return again to this Council as Finance Minister. I think, my Lord, there is a great deal to be said in favour of the view that membership of the Government of India should be the last rung of the official ladder in this country, and that those members of the Civil Service who are marked out for Lieutenant-Governorships should complete their tenure of office as heads of Provinces before they come and join the Viceroy's Executive Council.

"My Lord, I would next like to say a word about my Hon'ble friend, Sir Guy Fleetwood Wilson. We have all heard that he proposes shortly to go on six months' leave to recruit his health, and we all fervently hope that he will come back at the end of that period with his health fully restored and that he will continue to preside over his Department for the full period of his appointment. My Lord, the *personnel* of this Council on its non-official side will have undergone considerable changes before the Hon'ble Member's return, because in the interval there will be a new election, and, while some of us may possibly not want to come back, the constituencies may not want to send some others back, and therefore it would not be inappropriate if we, non-official members, seek to give brief expression on the present occasion to the great admiration and the very high regard in which we hold Sir Guy Fleetwood Wilson. My Lord, with his mind saturated with the best traditions of English public life of which he was a close observer for many years, the Hon'ble Member's presence in this Council has been simply invaluable to us at a time when our own tradition is slowly evolving here. We have never found Sir Guy Wilson wrapped up in official reserve. He has often presented new points of view to us and he has himself been always anxious to enter into our feelings and our thoughts. And his delightful and

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high-minded courtesy has made it a pleasure to have anything to do with him. His great familiarity with the principles of Western finance has enabled him to manage our finances wisely and skilfully, and his attachment to the Gladstonian tradition of economy has left its impress on the administration of this country. In regard to our general affairs too, it is well-known that Sir Guy Fleetwood Wilson's influence has been strongly on the side of popular progress. My Lord, the country needs men of his type in the Government—men of warm sympathies, of sturdy independence, and deep devotion to its truest and best interests; and once again I earnestly express the hope that Sir Guy will come back fully restored to health and will continue his services to India to the furthest limit of time to which they can be stretched.

"My last word, my Lord, will be about this great and beautiful city. Speaking at the Calcutta Club the other day, Your Lordship expressed the great regret with which you viewed the prospect of this city soon ceasing to be your winter head-quarters in future. May we non-official members of this Council ask to be permitted to respectfully join in that regret! I say nothing on this occasion about the great, the momentous, changes which were announced by His Imperial Majesty the King-Emperor at Delhi. Looking into the future with the eye of faith and of hope, I do believe that these changes, whatever temporary inconvenience or dislocation they may occasion, will do good in the end both to the Province of Bengal and to the country taken as a whole. But, whatever the future may hold in its womb, the thought that this Council, which has grown from the smallest beginnings to its present dimensions in this city, meets here to-day for the last time, is a thought that must make the heart heavy. My Lord, it is not merely the infinite kindness and hospitality which we members, coming from other Provinces, have always received from the people of Calcutta, it is not merely the friends that we have made here, that we shall miss; it is the entire influence of Calcutta and all that Calcutta stands for that will now be lost to us. Some of us, my Lord, have been coming to this city now for many years,—I for one have come here continuously now for eleven years,—and we have learnt to feel the same enthusiasm for this wonderful land which the people of Bengal feel. Its waving fields, its noble streams, its rich and wonderful vegetation of every kind, throw on us now the same spell that the people of this Province experience, and the warm-heartedness of its society, its culture, its spiritual outlook on life, and the intensity of its national aspiration have produced a deep and abiding impression upon our lives. My Lord, we bid adieu to this city with profound regret, and with every good wish for its continued prosperity that the heart of man can frame. And we fervently trust that, great as has been its past, its future will be even greater.

"My Lord, I will now say a few words on the general state of our finances. We are, as everybody who knows anything about our finances knows, on the eve of a very considerable disturbance in our accepted standards both of revenue and expenditure. There is no question whatever that the financial position of the country, taken as a whole, is both sound and strong; but the fact that we are on the eve of this disturbance makes it necessary that there should be a careful and comprehensive examination of the whole position. On the one side, my Lord, our opium-revenue will soon be extinguished; on the other side, heavy and continuously increasing additions will be necessary to our expenditure, on certain services, specially education and sanitation. Then, my Lord, I hope, I most earnestly hope, that our military expenditure, the burden of which we have so long borne patiently, and which is really far beyond our capacity to bear, will be materially lightened as a result of the labour on which Sir William Nicholson and his Committee will soon enter. I therefore suggest that this is just the juncture when a comprehensive inquiry into the whole financial position may be undertaken by a strong Royal Commission. There are three outstanding features of the position. A top-heavy administration, much too costly for our resources, a crushing weight of military burdens, and a scheme of taxation which, though not much more

burdensome in its total incidence than in other countries, presses much more heavily on the poorer than on the middle and the upper classes of the community. These are the outstanding features of our financial position. India, it must always be borne in mind, is a very poor country and the largest revenue that we can possibly raise must be small, judged by the standards of the West. The question, therefore, as to how to adjust our revenue to our growing requirements in certain directions is one of prime importance. My Lord, I, for one, shall be glad when our opium-revenue disappears; not only because I feel it to be a stain on us, but also because its presence in an uncertain state is very inconvenient from the standpoint of economy. The uncertainty that invests it is a great disturbing factor in our budget, and the large surpluses which it brings to the Government, however convenient they may be for certain purposes, cannot but be demoralizing in their effect on economy, because the strongest Finance Minister, with the utmost insistence that he can lay on rigid economy, cannot resist a certain amount of wasteful expenditure in the presence of such large surpluses. When the opium-revenue disappears—and I understand that it will not take long now before it disappears—we shall be in a position to know where exactly we stand, and then it is that certain questions will require to be taken into serious and careful consideration, so that a definite financial policy may be laid down for the country which should be adhered to in all essentials, independently of the particular views or inclinations of individual Finance Members. The questions that require specially to be considered are how to readjust our old taxation so that its incidence should press less severely on certain classes—the poorest classes of the country; how to widen, if necessary, the present basis of taxation so that more money may be found for education, sanitation, and similar services; in what directions expenditure must be kept down, and in what directions expenditure must be increased. We want an enquiry into these things by a strong Commission so that the future may be shaped in accordance with a definite policy laid down, after taking a comprehensive view of the whole question. For instance, my Lord, I hold that we can raise much larger revenue than we do at present from our Customs without its proving burdensome to any section of the community. The possibility of raising revenue from certain sources, which at present yield nothing, must also be publicly examined. Then there is the question of reducing the State demand on land, especially in raiyatwari tracts, and the extension of the permanent settlement to areas where it does not at present exist, subject to the condition that agricultural incomes above a certain minimum should be liable to pay the income-tax. There is also the question as to how larger recurring grants for local bodies may be provided so that they should be better able than at present to perform their duties satisfactorily, and how provision may be made for steadily expanding allotments to education, sanitation and medical relief. I therefore urge that when the opium-revenue is about to disappear, the occasion should be utilized to appoint a strong Royal Commission to consider the whole subject of the basis of our taxation and the probable future course of our expenditure. One important reason why such an inquiry is necessary is the extreme rapidity with which the *personnel* of the Government changes in this country. A Finance Minister, or any other member of Government, holds office for only five years; he takes some time to make himself acquainted with the problems of his department or the state of things in the country, and by the time he is in a position to handle important questions well, the time also comes for him to think of leaving. If members of Government were to remain in this country after their retirement, the knowledge and experience which they acquired in their respective offices would still be available to us. What happens at present is that every successor has to begin not where his predecessor ended but his predecessor also began, and thus a large amount of most useful and necessary knowledge is repeatedly lost and has to be repeatedly acquired over and over again, with the result that we seem to be living more or less from hand to mouth, and without a large settled policy adopted as a result of wide and thorough knowledge and ample discussion.

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"I, therefore urge, my Lord, that when the opium-revenue is about to be extinguished, as we understand it will soon be, the Government should take steps to appoint a Royal Commission so that the whole financial position of the country may be carefully examined."

The Hon'ble Mr. Dadabhoy: "My Lord, a 'No-change' budget, as the Finance Minister characterises the one under review, does not call for much comment. Two observations made by the Finance Minister in introducing it on the 1st March current are, however, important. The necessity of the recent addition to taxation is apparently problematical, but it is confidently stated that 'time will justify' the taxes, 'when our opium-revenue ultimately dwindles and our other resources are strained by the growing demand for more schools and healthier homes.' It is perhaps claiming too much for them that, besides recouping the complete loss of the opium-revenue, they would place adequate funds at the disposal of Government for meeting the educational and sanitary needs of the country. But one thing is clear. The prospective loss of the opium-revenue is a dark cloud on our horizon, and the necessity for an appeal to the Home Government for a substantial contribution is as acute as ever. We have moved this Government more than once on the subject, and we would have been glad to have from them a pronouncement as to the course they intend to pursue.

"The other proposition of the Finance Minister that in India the line between plenty and want is very narrow and 'the need for caution in our forecasts and for economy in our expenditure' is incessant, true as it is, is hardly compatible with the expenditure in connection with the expedition against the Abors and the friendly mission to the Mishmi country. According to the map given in the *Imperial Gazetteer*, both the Abors and the Mishmis live beyond India and their country is included in Tibet. The policy perhaps we are not free to discuss in this Council, but we certainly can complain of the cost. If the expedition and the mission be for the protection of Imperial interests, as they must be, in fairness the expenditure should be charged to the Home Government. Then, a full and clear explanation regarding the 2½ lakhs of rupees spent out of Indian revenues in meeting a part of 'the cost of sending a regiment to strengthen the consular guards in Southern Persia' and the expenditure of 18 lakhs during the year in 'the arms traffic operations,' is necessary. These latter operations have so far cost India a little over 51 lakhs of rupees. A part of the operations would appear to have been carried on in the Persian Gulf. If the above amount includes any part of the cost of it, the justification of the expenditure is not clear.

"Heretical though the view may be, in my humble opinion, a modification of the principle of 'lapse' in accounts would appear to be desirable in India. Schemes of improvement, large and small, are awaiting execution, and the progress, in the generality of cases, is only limited by the funds which the Government finds it convenient to allot. It also happens at times that the amount sanctioned in any particular year is not fully spent through the supervention of adventitious circumstances. The unspent balance, according to the rules, lapses at the end of the year, and goes either to swell the surplus or to reduce the deficit. The next year's sanction depends upon a host of considerations unconnected with the closing year's history, and allowance is not made for the lapsed grant. This is hardly satisfactory. No doubt, according to article 293 of the Civil Account Code, Volume I, the grant so lapsed could be revived by specific sanction; but this is rarely done. In the Military Department, the usual practice, I understand, is for the subsequent year's allotment to be proportionately increased without a specific revival of the lapsed grant. A similar relaxation of the rules would be welcome in the other departments. Progress would be accelerated in that way.

"My Lord, administration of impartial justice is one of the bulwarks of British rule in India. Government cannot be over-careful in that line. But with the growth of judicial work with time quickness in disposal has naturally come to animate the policy of the department. Complaints from the litigant public of quality being sacrificed to quantity are not unusual, and the grievance

is felt the more in that second appeals are restricted. The ideal ought to be, and is, to combine despatch with patient hearing. This can be done by increasing the strength of the judicial service. During the 51 years between 1856 and 1907, civil litigation increased nearly 256 per cent., the total number of suits in the latter year being 1,867,995 against 730,000 in the former. But there has not been a proportionate increase in the strength of the service. This is a direction in which improvement is desirable.

"The appointment of trained and practising lawyers as District and Sessions Judges is also a necessity which is becoming more clamant with greater diffusion of knowledge among the people of the systems of recruitment prevalent in the advanced countries of the West. The time has gone by when, owing to political reasons and the absence of trained lawyers, the superior ranks of the Judicial Service had to be reserved for the members of the Imperial Civil Service. Simultaneously with the success of Indian lawyers in the highest judicial posts the office of the District and Sessions Judge has lost much of its charm for the Civil Service, and it is patent to all that the best men of that service do not evince any particular desire to adopt the judicial career. Three years ago, in January 1909, in reply to a question of mine in Council, Government were pleased to announce their preparedness to appoint trained lawyers as Judicial Commissioners and Additional Judicial Commissioners as occasion arose. Such appointments were subsequently made in Oudh and elsewhere. It was further understood that the question of the appointment of trained and practising lawyers as District and Sessions Judges would be considered afterwards. I understand the subject is receiving the attention of Government. My only point now is that any correspondence which may pass on the subject between this Government and the Secretary of State should be placed on the table, with the object of enabling Hon'ble Members to submit their views on the issues raised, as also on the particular reform proposed by Government.

"My Lord, in order to relieve the congestion of judicial business on the civil side the suggestion has been now and again made that honorary village munsifs should be appointed for the disposal of suits of small value in the same way as honorary magistrates. The experiment might be tried, if retired judicial officers and lawyers can be induced to take up the work. The honorary magistracy has developed remarkably with a total strength of 3,000 incumbents in 1910 as against 'an honorary magistrate here or there' fifty years previously. Honorary village munsifs might not be unpopular with the safeguard suggested above. Provision might also be made for the submission by them to stipendiary judicial officers of questions of law for opinion.

"But, in my opinion, the establishment of Arbitration Courts, composed of honorary Judges, would be far more satisfactory. At first reference to them of pending suits might be left optional with the parties, and afterwards, when the people come to have confidence in them, such reference might be made at the discretion of the regular Courts. The personnel of the Arbitration Courts may be settled in consultation with the people. The office can with advantage be made elective.

"The development of the elective system in the country demands the creation of Election Courts for the speedy disposal of election disputes, with powers similar to those enjoyed by Courts of that class in England. It is now open to an aggrieved candidate to seek his remedy in the Civil Court under the Specific Relief Act, but the lengthy procedure of the ordinary Civil Court makes the remedy unreal. I humbly submit a special Court for the trial of election disputes will be far more effective and will inspire greater confidence among the people. There should also be a more stringent law regarding elections generally on the same lines as the English law.

"Last year, my Lord, I invited the attention of Government to the congestion of work in the Judicial Commissioner's Court at Nagpur, in consequence of the provision in the amended Central Provinces Civil Courts Act for the hearing of appeals of over Rs. 10,000 in value by benches of two Judges as in High Courts and Chief Courts, and to the necessity of the appoint-

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ment of a fourth Judge. The subject has not received at the hands of Government the favourable consideration it deserves. No provision has been made for the creation of the post. Meanwhile the congestion continues. A reference to the Local Government will show this. May I express the hope that Government will be pleased to provide for the appointment of a third Additional Judicial Commissioner for the Central Provinces in the course of the next year ?

"My Lord, the efforts of the Government to meet the educational needs of the country are fully appreciated, and the announcement made by Your Excellency at the last Convocation of the Calcutta University that 'the Government of India have decided to make a solid advance in the direction of teaching and residential universities' has filled us with hope. We in the Central Provinces feel the want of such a university. As a humble representative of the Province, I beg to move the Government for the establishment at an early date of a teaching university at Nagpur.

"The intellectual improvement of the Indian youth is a great object which the Government has very properly set in the forefront of its reforming programme. The reclamation of misguided young offenders is an equally noble object. On a recent occasion I had to refer to the successful efforts made in the West in this behalf. I submit, my Lord, the time has come when this Government should make an equally earnest attempt at reclamation by 'specialisation and individualisation' such as underlie the Borstal system of prison discipline. The chief merit of that system is that the youth is not treated as a criminal, and it seeks to—

> 'combine strict discipline with moral and religious training, and generous rewards for growth in self-control and progress in handicrafts, physical exercise and education.'

"The cost is much larger than in the ordinary prison, it is true, but it is a good investment from the national point of view. It has been remarked by high authorities that 'the danger is greater in Indian prisons of moral contamination due to the lack of special accommodation.' The necessity of special treatment is thus all the greater here. Reformatories exist, no doubt; but how many young offenders pass through them ? It must be admitted that reclamation is attempted in the West in a highly scientific way which provides an object-lesson for us. The Borstal system, according to expert opinion, can be very easily applied to India provided special accommodation and funds are available.

"My Lord, the dissemination of up-to-date knowledge in the industria arts is another direction which provides ample scope for Government activityl Government must be alive to its necessity. The Indian has now to seek the special knowledge abroad, but there too, owing to the nervousness and exclusiveness of the Western manufacturers, facilities are few. The correspondence between this Government and the Secretary of State on the subject of instruction in glass-making must have impressed Government with the necessity of making suitable arrangements in India for the technical and industrial training of the people. The letter to the Secretary of State of the London Board of Education, of 27th January 1911, exposes the difficulties of the present position. The Board point out :—

> 'No English manufacturers would think of admitting Indian students temporarily to their works . . . The Educational Adviser to Indian students has suggested to the Board that German firms are sometimes willing to admit Indian students on condition that the students when they return to India act as agents in that country for the goods of the firm concerned.'

"The inquiry is legitimate as to the Government decision on the Board's suggestion that the appointment of

> 'competent instructors under suitable conditions of service, either from this country, from the Continent, or from the United States of America . . . . will prove a better way of developing the glass-making industry in India.'

"In this connection it is gratifying to learn that the Punjab Government has decided to help the Ambala Glass Works with annual subventions for a

period of five years. It is not so much for the particular industry supported as for the departure the action marks in the policy of Government that the occasion is important. I earnestly hope the Government of India will be pleased to systematise advances and subsidies to well-managed Indian manufacturing concerns which may be languishing for financial support. The money will be well spent.

"Equally reassuring is the news that an expert has been deputed to the United Provinces for investigating into the condition of the local sugar industry. This is a right move and full of great possibilities. The Indian sugar industry requires nursing. The people should now respond cordially to the Government effort.

"My Lord, I have before now drawn the attention of this Government to the existence of heavy import-duties upon Indian manufactures in the United States of America. To take two instances. An *ad valorem* duty of 15 per cent. is charged upon tanned or dressed goat and sheep skins imported from India, while raw hides are imported free. Upon Indian carpets and rugs the duty is 50 per cent. *ad valorem!* Such heavy duties are clearly protective. And yet we have to keep *our* doors open. I understand the whole question of American import-duties at present forms the subject of diplomatic discussion between the United Kingdom and the United States of America. I humbly submit the occasion should be availed of to secure an adequate reduction in the duties upon Indian manufactures.

"I will now advert to a deficiency in the management of the great State industry—the Railways. The Hon'ble the Finance Minister remarks: 'The passenger traffic has grown exceedingly.' But in the Budget estimate of 1912-1913, according to his statement,

'Provision for working expenses has also been put a little higher on account of necessary renewals of permanent-way, rolling-stock and strengthening of bridges.'

"On 8th instant the Hon'ble Sir T. Wynne, ever ready to meet the wishes of the people, informed us that a sum of 475 lakhs, set aside for rolling-stock, 'will provide 182 locomotives and 6,100 goods wagons.' An adequate number of additional carriages is apparently not provided. Indian passengers, especially the lower class passengers who contribute the largest amount to the railway income, justly claim a more liberal provision in this respect. Their comfort must be looked to by the railway authorities.

"The most refreshing part of the Financial Statement is the record of the progress in Irrigation. The allotments made in next year's budget for the execution of all the three projects—the Tendula, Mahanadi and Wainganga Canals—afford genuine cause for satisfaction to the people of the Central Provinces.

"My Lord, according to the testimony of independent witnesses, the Punjab Canal Colonies have amply justified the expectations of Government. Government might well be congratulated upon the scheme. Quite a million men have been removed from congested areas to two millions acres of irrigated land, and that within the brief space of 12 years. The plan, in my humble opinion, should be extended to the other Provinces. There is need for this sort of activity in the Central Provinces.

"My Lord, we have now come to a turning-point in British Indian history; to-day we come to the end of a chapter in British Indian history, the close of a brilliant record of steady expansion, of slow evolution and of sustained effort at consolidation. After 150 years of vigorous government India emerges unified, compact and strong, yearning after new life, throbbing with the pulsations of new thought and new aspirations. She stands purified, with the touch of her lord. HOPE is written large on her horizon. Anarchy and sedition, disorder and turbulence have skulked before the Royal Presence. Their Imperial Majesties' Visit has stirred to its inmost depths the great heart of the nation, and has communicated a soothing and dynamic force to discontented and dull India. The Durbar boons, thanks to Your Excellency's wise counsel and statesman-like perception of the needs of the situation, have conciliated educated India. Now begins an era of peace and concord, of intellectual and moral progress, of healthy co-operation between the rulers and the ruled.

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"I wish to say, my Lord, before I resume my seat, that I associate myself with the Hon'ble Mr. Gokhale in what he said with reference to the Hon'ble the Finance Minister."

The Hon'ble Sir Vithaldas D. Thackersey: "My Lord, I cordially endorse every word that has been said by my Hon'ble friend Mr. Gokhale in appreciation of the excellent services rendered by our friend the Hon'ble Sir James Meston to this Council. We all wish him Godspeed and a great success in his new position.

"Coming to the Budget, I beg to congratulate the Hon'ble the Finance Member on the very satisfactory Financial Statement which he has presented to us. We are obliged to him for his kind reference in his speech, while presenting the Financial Statement, to our friend the Hon'ble Mr. Gokhale and for the terms in which he has officially appreciated the valuable work done by him in this Council during the long period of his membership. We, the non-official members, take this as a great compliment paid to all non-official members of Your Lordship's Council. The Hon'ble Mr. Gokhale has served in this Council for continuously over 12 years, and I am sure everyone of us here present, official and non-official, will agree with me when I say that in the success—the great admitted success—of the working of this expanded Council during the last three years, no small share has been contributed by the Hon'ble Mr. Gokhale who is respected alike by the officials and non-officials. The breadth of mind shown by the Hon'ble Sir Guy Fleetwood Wilson reminds me of the liberal-mindedness which we see so often in the House of Commons when Ministers on the Government bench appreciate in official documents the services of the members sitting on the opposite bench. I join in the hope expressed by the Hon'ble Mr. Gokhale that after his holiday the Hon'ble Sir Guy Fleetwood Wilson will return to this Council with renewed vigour and take up his portfolio which he has filled with such ability to the entire satisfaction of all concerned.

"As to the Budget, I must admit that the Hon'ble the Finance Member has shown great judgment in distributing a substantial portion of last year's surplus among several useful objects. While I appreciate what has been done for us in this direction, I once more beg to raise my voice against the policy adopted by the Hon'ble Member two years ago of taxing the people more than the circumstances would justify. In March 1910, we, the non-official members, strongly protested against the levying of new taxes and proved by facts and figures that the revenue budget for 1910-11 was under-estimated. The time that has since elapsed has established the absolute correctness of our contention. I maintain, my Lord, that the additional taxes then imposed were not necessary, and even the budget of 1912-13, in spite of the liberal extra grants to Provincial Governments, might have been framed without a deficit, in the absence of additional taxes. I hope, my Lord, that this will serve as a lesson for the future, and though we have had to pay dearly for it, it will have been usefully learnt, if it prevents a recurrence of similar action on the part of Government. After all, the views of those who are of the people and move among them and have practical experience of the daily life of the country are entitled to receive greater consideration in such matters than was shown on that occation.

"My Lord, I do not wish to speak at any great length to-day, but there is one subject to which I wish to invite the attention of this Council, namely, the method of assessing factories for the purposes of income-tax in the different Provinces and the injustice involved in it. In reply to a question by my Hon'ble friend Sir Sassoon David last year, Government was pleased to lay before this Council a statement showing the percentage allowed in different Provinces for depreciation on machinery and buildings in ascertaining the net profits of factories for income-tax purposes, and the method by which the capital cost is estimated in each case. This statement, as I will presently proceedto show, places the factories of one Province at a disadvantage compared with those of another Province. In Bengal and East Bengal and Assam, a deduction of five per cent. is allowed both on machinery and buildings, while in Bombay a deduction of five per cent. is allowed only on machinery, and that too after deducting the allowance made in previous years, and no deduction is allowed on buildings,

although the Bombay Millowners' Association often protested against this invidious treatment. But since this statement was laid on the table and a respectful protest was made to the Government of India, the Government of India, in their letter dated the 18th January last, only two months ago, intimated to the Bombay Millowners' Association that in future the Local Government would have no objection to allowing a deduction of $2\frac{1}{2}$ per cent. on the value of buildings properly defined. They further intimated in their said letter that the Government of India did not think it advisable to standardise the method of income-tax assessment in view of the varying local circumstances obtaining in each Province. My Lord, this is a most unsatisfactory reply to a very reasonable request of the Bombay Millowners' Association contained in their letter of the 9th May 1911, that whatever the system of assessment is ultimately adopted by the Government of India, it should be standardised throughout India, if not for all kinds of factories, at least all textile factories. I am afraid the Government of India have not seriously considered the consequences and the injustice that are entailed by this want of uniformity. All factories in India are governed by the same law and in these days of keen competition, when the profits of the industry are low and sometimes there is an actual loss, any favour shown to the industries of one Province places the industries of the other Provinces at a disadvantage in the consuming market. My Lord, what justification can the Government of India show for the anomalies contained in the statement I have referred to ? Owing to the value of land being high, the mills in Bombay are built two, three, and four-storeys high, while the factories in Calcutta are mostly shed buildings of only the ground floor. Would it be reasonable to suppose that the four-storeyed buildings of the mills of Bombay, having heavy machinery working on the upper floors, often of wood, would last double the number of years that the ground floor buildings of Calcutta factories would last ? And yet in the Government of India letter we are asked to accept as reasonable half the amount allowed to the Calcutta millowners. Again, in Bombay, for machinery depreciation, allowances for previous years are taken into account in the calculation, while in all other Provinces they are not. Here again the Government of India in reply said that they did not see any injustice in that method of calculation. Would it be reasonable to suppose that the machinery working in Bombay, the greater portion of which is worked on upper floors where the liability to wear and tear is necessarily greater owing to the impossibility of preventing vibration on these floors, would last longer than the machinery worked on the solid ground floor of Calcutta mills ? And yet this is what it comes to, if you accept the existing method of fixing the basis for income-tax purposes in Bombay and Bengal. In Madras a maximum of 10 per cent. on the value of machinery is allowed to be deducted. Surely the life of machinery in Bombay cannot be said to be double that of the same kind of machinery working in Madras. The factory owners of the United Provinces, our friends, the Cawnpore millowners, are certainly very happy people, because there, the statement says, that though as a general rule five per cent. on the cost of machinery is allowed, that rule is not invariably followed, meaning perhaps that extra deductions over five per cent. are made when millowners properly approach the department concerned. There, too, the peculiar method of taking into account the depreciation allowances of previous years, which is in vogue in Bombay, is not at all followed. My Lord, I hope I have clearly proved to this Council that the present practice is most unjust to the factory owners of certain Provinces, inasmuch as it hands them over, in the absence of a definite Imperial policy, to the mercy of assessing officers. In reply to the letter of the Bombay Millowners' Association dated the 20th February 1912 (only a month ago), again requesting the Government of India to standardise throughout the country whatever system of assessment is ultimately adopted, the Government of India said, as recently as the 12th of this month, that the millowners should address the Local Government concerned. May I ask the Hon'ble Member in charge of the Department, how the Local Government can standardise the method of assessment throughout India ?

"My Lord, for years past the millowners of Bombay Presidency have been suffering under this disadvantage in competition with our friends in the other

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Provinces; and every opportunity has been taken advantage of to put our grievances before the proper authorities. We have written to the Income-tax Collector, have waited upon him in deputation, have respectfully represented our grievances to the Local Government, we have petitioned the Government of India in the past, and the last occasion on which we addressed them was on the 20th February of this year; and to-day, at the special request of the Bombay Millowners' Association, I, as their representative, bring forward this grievance before this Council, the highest deliberative assembly in the land. The only step that now remains to be taken is to bring forward a Resolution on this subject in this Council, and I propose to bring forward such a Resolution on a future occasion unless our grievance is set right in the interval.

"My Lord, before I conclude, I should like to express our sense of deep gratitude to Your Lordship for the care which has been taken in consulting our convenience, in arranging the sessions of this Council this year. We have gone through a large amount of work during this cold weather with a minimum of inconvenience to the members coming here from long distances. The present arrangement, while it has met with the unanimous approval of those of us who have other avocations of life but are at the same time willing to serve their country, has also I believe met with the approval of members like my friend the Hon'ble Mr. Gokhale, whose sole laudable ambition is to serve the country at any sacrifice. The details of the arrangement have been excellently carried out by the Legislative Department, for which great credit is due to it."

The Maharajadhiraja Bahadur of Burdwan : "My Lord, it is a prosperity Budget that we have to deal with to-day, and I offer to my esteemed friend, Sir Guy Fleetwood Wilson, my heartiest congratulations for having had such a windfall in a year of abnormal expenditure like 1911, during which the long looked-for Royal Visit came off so successfully. While on the subject of the Royal Visit, permit me, as one of the inhabitants of Bengal, to offer to Your Lordship the heartfelt gratitude of myself and my fellow-inhabitants in this Province for the unique favour granted to us by the Royal Presence of the King-Emperor and Queen-Empress in Calcutta. The great and good effect of the Royal Visit to India I need not dilate upon, as it has been appreciated all over the country by every section of the community; but I take this opportunity of congratulating Your Lordship on the success of the great Durbar at Delhi and the Royal Visit to Calcutta, and I am sure that along with the name of our beloved Sovereign King-Emperor George V, Your Excellency's name will also go down to posterity for having organized this visit which has already had far-reaching beneficial results. Considering the grand and unique occasion of the Royal Delhi Durbar of 1911, it was most satisfactory to learn from the Hon'ble the Finance Minister the other day that the expenditure had been kept well within the estimated figures.

"Now, my Lord, I shall make some observations on certain items of expenditure in the Budget, also on the objects for which they are to be spent. First and foremost in the present Budget, we find the large educational grants which to all of us interested in the advancement of India have been most welcome. The handsome grants towards the spread of primary education are most praiseworthy, but I hope, Sir, that this money will be spent with a certain amount of caution, and that there may not be a repetition of the fact that was brought to light in some parts of Bengal, namely, that large sums were spent on school buildings in rural areas, but that those buildings have either been left unfinished or unused for the want of teachers or students to fill them. As I have already said on the Hon'ble Mr. Gokhale's Primary Education Bill, which I had unfortunately to oppose and which was thrown out by this Council only a few days ago, India is not yet ready for compulsory primary education, nor is it a wise policy to force education among the illiterate masses in a manner that might seem to them not only unnecessary but arbitrary, and might be further misconstrued as being an uncalled-for solicitude on the part of the Government. They have got to be educated : but let that education come as a beacon-

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light and not as an overpowering glare confusing the very minds we wish to enlighten. The Hon'ble Member for Education, while speaking in the second stage of the Budget, mentioned the amount of the provision he had made for the proposed university at Dacca. A good deal of bitter criticism has been offered towards the formation of the Dacca University, and I believe that the way it was necessary for the scheme to see the light of day opened the door for such comments ; but I must admit that many of the arguments put forward in the Press against this scheme have struck me as being very much off the mark. I have nothing to say against the proposed Dacca University scheme, but I hope that as hitherto we have been accustomed to have degree-giving universities and not teaching universities, and as it is the intention of the Government to multiply the number of universities in India and to make them less cumbersome than they are at present, and to make the new universities really educating institutions, and as we have, as citizens of the Indian Empire, a right to be consulted by the Government before they push on a new policy which, I frankly admit, has a great deal in its favour, the Government will see the necessity of inviting public discussion on the subject of the utility and importance of teaching universities generally. The present policy of having a large number of universities was foreshadowed by Lord Curzon when he presided over the Educational Conference at Simla some years ago now, as well as on the 2nd November 1903, when the Universities Bill was introduced in the Legislative Council and the Viceroy in the course of the debate said, 'to show the way by which our universities, which are now merely examining boards, can ultimately be converted into teaching universities, in fact to convert higher education in India into a reality instead of a sham.' These weighty words of Lord Curzon are now being translated into action by Your Lordship's Government. But while welcoming this movement, I feel that the Government should convince the general public that the time has come to crystallize the ideas set forth in the Universities Reform Scheme of 1904.

"Now I turn towards the provisions made in the Budget for medical relief and sanitation. I listened to the Hon'ble Surgeon General Sir Pardy Lukis's speech in Council the other day with the greatest interest, and it is most gratifying to know that the Government intend to combat malaria in right earnest, and that experiments how best to fight our obnoxious friend, the mosquito, who is also present in the Imperial Council, will be thought and carried out at no distant date. A word of thanks, my Lord, for granting Calcutta a Tropical School of Medicine, and I hope that in the next year's budget Bengal will be given large grants for tuberculosis hospitals, as that disease is increasing every year.

"My Lord, I next turn to the large amount we are going to spend in building the new seat of the Imperial Government at Delhi. Delhi has hereto meant to most of us a phantasmagoria of past glories of a doubtful character. But now it will mean something serious to us, something substantial to us; for, on the advice of Your Lordship's Government and the Secretary of State for India, our Sovereign has declared that Delhi should henceforth be the Imperial capital. Sir Louis Dane, on the day of the laying of the foundation-stone of new Delhi by the King-Emperor, said words to this effect, that Delhi had regained what she had lost, alluding to the fact of its having been made the capital of India again. We know that Delhi has gained, but I hope not in the sense that the Lieutenant-Governor of the Punjab meant. Let us not lay too much stress on the fact of Delhi's having been the past capital of India, for it was never the capital of India in the sense that we, under British rule, have begun to realize what India means. It is true some sort of Delhi was the capital of the Kauravas and the Pandavas ; it is true, round about Delhi, Hindu kings, whose jurisdictions were limited, had their capitals : it is true that the capital of the most bigoted Moghul Emperor Aurangzeb and his weak-minded successors was Delhi : but may I ask, is it not equally true that the Moghul Empire in India never extended to the limits that British India extends? For the above reasons I say, let us brush aside the allusions to these past capitals of sombre associations, and let us rather advocate the fact that since, according to the Government of India

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despatch, Calcutta has become 'geographically unsuited' to be any longer the capital of British India, and since the Government of India feel that it is prejudicial for a Provincial Governor and a Viceroy to live side by side in Calcutta, and since our King-Emperor has ordained that Delhi is to be the new capital of British India, it has become imperative to rear up an Imperial capital in every sense of the term, wiping away and uprooting the demoralizing atmosphere of the latter-day Moghul Delhi, of the Delhi of the Mutiny days, and establish a new city reproducing within its walls the best principles of British rule, fostering healthy public opinion in it (for, unsurrounded by such opinion, the Government of India will be in a very perilous position), and showing in every possible way that the change is good for the British rule in India, which is our mainstay. When all this is accomplished, the Government will have amply justified the expenditure it is now incurring on building new Delhi and deserved the approbation of all, even of those who have withheld their support.

"My Lord, although it is rather out of place in the Budget debate, yet I cannot help saying something on the changes announced at Delhi so far as Bengal is concerned, especially the creation of a Governor in Council for the Bengal Presidency; but before I allude to this, I feel that I must say a few words regarding the necessity of evicting the Punjab Government from Simla. In the despatch of August 25th, 1911, the Government of India say: 'It is essential that the Supreme Government should not be associated with any particular Provincial Government. It is generally recognised that the capital of a great Central Government should be separate and independent.' As this is the view of the Government of India, I am simply asking them to be consistent. I would say most emphatically that as Simla is the summer capital of the Government of India as well as of the Punjab, the Punjab Government should not, for the reasons laid down in the despatch, be at Simla for nearly seven months in the year, at a time when the Government of India is also there for the same period. Although I am the descendant of a Punjabi family myself, yet I feel that in all fairness to the other Provinces, as well as for the sake of consistency, the Government of India should remove the summer seat of the Punjab Government from Simla.

"Now, my Lord, I come to the creation of a Governor in Council for Bengal which I have welcomed, and for which I will now briefly give my reasons. My Lord, it is true that I supported Lord Curzon's Partition scheme, and it is equally true that I sincerely regret that it has had to be undone: but with awakened China on our North-Eastern Frontier and an awakening Behar on the West, and considering that we are going to have a Governor in Council, I say let us cheerfully accept the new arrangement. My Lord, if the removal of the Viceregal presence from Calcutta connotes the development of the autonomy of Bengal, it will mean a great deal. The appointment of Lord Carmichael as our first Governor is an event that we in Bengal cannot pass over silently, and we are very grateful to Your Lordship for having given us such a tried and experienced servant of the Crown to be the first Governor of new Bengal. Madras's loss is Bengal's gain, and while we sympathise with our Madrasi friends at losing Lord Carmichael, we welcome His Lordship here; for we feel sure that we shall have a tried statesman at the head of affairs, and one who has already endeared himself to Indians within the short period of his rule in Madras. My Lord, while on this subject, I cannot help saying that the Government of India, now that they have, from their standpoint, done what they have thought best and most beneficial to Bengal, will I hope be pleased to remember that in this Presidency we want always as rulers the best and most trustworthy servants of the Crown, and not merely party politicians; and if this is borne in mind and carried into action, as in the appointment of Lord Carmichael, I am sure that time will justify Your Lordship's repartition of Bengal, although some of us may resent it just now.

"An Executive Council for Behar strikes me as being an extravagant luxury; for the present at any rate, but all the same I congratulate my Behari friends on having scored best in the Delhi Boons, and sincerely wish them all success in the new Province and under the new régime. Doubts have been expressed

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as to the wisdom of the addition of Orissa and Chota Nagpur to Behar, particularly Orissa, and I admit I share those doubts myself. But I trust that the interests of the people of these parts will be properly safeguarded in the new Province, and I hope that the new Province with its four agrarian codes and heterogeneous population will administratively be the success which it is expected to be.

"In conclusion, my Lord, as you will be leaving Calcutta before long, never again to reside here permanently, as a citizen of Calcutta, as well as a representative of the landholders of Bengal, I beg, in bidding you good-bye, to assure Your Lordship, on behalf of the community I represent, our deep-felt loyalty to the Crown, and I hope that Your Excellency will not forget the zamindars in this Province, who, although few in number and in the minority, deserve encouragement and preservation, and who, if given proper facilities, will not belie the trust hitherto reposed in them by the Imperial Government.

"A few more words and I am done. My Lord, this is the last session of the Imperial Council in Calcutta, and as a Bengal member I share the keen regret that we feel at realizing that we shall henceforth be deprived of having in our midst the high officials of the Government of India and the representatives of British India. I also take this opportunity of thanking the Hon'ble Mr. Gokhale for his kind words about Calcutta. My Lord, I know the changes have been made with the best of intentions, and although we in Bengal feel we have paid a big price for our Governorship, yet, if our loss means a gain to the rest of India, it is our patriotic duty to bear the sacrifice; and from the bottom of my heart I wish Your Lordship Godspeed in the great and bold experiment, and hope its success will mean the dawn of a new era of prosperity to the motherland so very dear to us all."

The Hon'ble Mr. Subba Rao: "My Lord, I may be permitted to say that the Hon'ble Mr. Gokhale has well and truly and without the slightest exaggeration voiced our feelings when he expressed our warm appreciation of the sympathetic and friendly attitude of the Hon'ble Sir James Meston and the Hon'ble Sir Guy Fleetwood Wilson towards the non-official members of this Council.

"I take this opportunity of expressing our satisfaction that the Hon'ble the Finance Minister has been able to see his way to abolish, though gradually, the proprietory estates village service cess in Madras which my Hon'ble friend, the Raja of Kurupam, and myself urged on the Government in the very first session of the Council.

"My Lord, in introducing the Financial Statement, the Hon'ble Finance Minister referred in appropriate terms to the Royal Visit just concluded and also to the estimated expenditure and the savings effected in that connection. In our view, my Lord, the value of the Royal Visit cannot be estimated in lakhs or crores of rupees. As described by Your Lordship so truly and aptly, it is 'a priceless incident in the history of India.' The message sent through Your Lordship by the princes and the people of India to the people of England testifies to the profound impression made on the people of this country by the King-Emperor and shows how deeply they appreciate the recognition by His Majesty of their status as his equal subjects with the British. Never, before, my Lord, was the enthusiasm of the people stirred to such depths and the bonds that unite England and India drawn closer than on this occasion. They are touched by the abiding solicitude evinced by His Majesty for the welfare of all classes of people in this country. They cherish with reverence the gracious message of hope and harmony which he delivered for the future development of this land. They treasure with affection the words of His Gracious Majesty—

'It is my wish, too, that the homes of my Indian subjects may be brightened and their labour sweetened by the spread of knowledge with what follows in its train, a higher level of thought, of comfort and of health.'

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" Next to the Great Proclamation of 1858, this historic event marks an important era in the annals of this ancient land. It is associated with important administrative changes planned with great foresight and courageous statesmanship. As a sequence of these changes, ' the greatest blunder since the battle of Plassey,' in the words of Lord Macdonnell, has been rectified, and the great wrong done to the people of Bengal righted.

" My Lord, the intelligent public had long been asking that the Government of India should lay down before them a definite goal in the government of the country, instead of pursuing a shifting policy of drift, and hoped that the advent of the King-Emperor would be associated with such an announcement. The people at large have therefore welcomed the policy intimately associated with the change of capital from Calcutta, notwithstanding the clamour of vested interests. As a first and necessary step in the onward path of self-government, they have welcomed the announcement contained in the despatch of Your Lordship's Government in which they point out that—

' It is certain that in course of time the just demands of Indians for a larger share in the government of the country will have to be satisfied, and the question will be, how this devolution of power can be conceded without impairing the authority of the Governor General in Council. The only possible solution of the difficulty would appear to be gradually to give the Provinces a larger measure of self-government, until at last India would consist of a number of Administrations autonomous in all Provincial affairs, with the Government of India above them all, and possessing power to interfere in cases of misgovernment, but ordinarily restricting their functions to matters of Imperial concern. In order that this consummation may be attained, it is essential that the Supreme Government should not be associated with any particular Provincial Government. The removal of the Government of India is, therefore, a measure which will, in our opinion, materially facilitate the growth of local self-government on sound and safe lines.'

" There is absolutely no ground, my Lord, for apprehension that the result of this policy ' can only be to lead through disruption to disaster, ' as prophesied by Lord Curzon. The connection of Britain is so beneficial and necessary to this country that it is the ambition of India to grow under the ægis of Britain to a self-governing member of the British Empire, like the colonies. There is absolutely no cause to attempt to wriggle out this position so clearly defined. This is but a bare minimum of the immediate requirements of the country for its healthy and progressive development in the future.

" It is because this first step in the direction of popular autonomy is courageously laid down by the Government of India that the transfer to Delhi, however disadvantageous and however costly, is welcomed by the intelligent public in all parts of the country, even by distant Madras, which is now further removed from the new capital. We hope, my Lord, that this policy will be steadily and courageously pursued by the Government of India.

" Already, my Lord, attempts are made in some Provinces not to bring some of the items in the Provincial Budget under the scrutiny of Provincial Legislative Councils and carry out the intentions of the Government of India, who point out in the Resolution of the 15th November 1909 that ' members will in future take a real and active part in shaping the financial proposals of the year.' Thus some items are not allowed to be examined by the Legislative Council, as in Madras, when the Finance Committee meets or when the Financial Statement is discussed, on the ground that they are under correspondence with the Government of India or the Secretary of State. So also items entered in the revised budget estimates escape the scrutiny of the Council. Similarly, the details of the expenditure of the large sums of money placed at the disposal of Provincial Governments under the head of Education and Sanitation do not pass under the review of the Legislative Council. I urge that these sums should not be handed over to Provincial Governments until definite proposals approved by local Legislative Councils are placed before the Education Department. I submit, my Lord, that opportunity should be taken, when revising the regulations and rules under the Councils Act, to remove all doubts, so that Legislative Councils may have full powers to deal with all the items in the Budget.

" I shall now turn to that large and important department of the State, the Army, which costs us something like thirty crores of rupees, and over which

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His Excellency Sir O'Moore Creagh presides with such distinction. I may take the liberty to mention that, in connection with the Royal Visit, we fondly hoped also that an announcement would be made, throwing open in some measure commissions in the Army to qualified Indians, especially after the Proclamation of the late King-Emperor in November 1908 recognising 'the valour and fidelity of my Indian troops' and expressing his 'high appreciation of their martial instincts, their splendid discipline and their faithful readiness for service.' My Lord, the martial talent in the country finds no scope under the present arrangements of the Government, who seem to consider so far that their duty is confined only to the intellectual and economic development of the people. They are absolutely excluded from all positions of trust and responsibility in the Army, and the highest places to which they can hope to rise are those of Subadar-Major and Risaldar-Major. Without referring to the military opinion on the subject, I may say that even Mr. Chirol, the author of *Indian Unrest*, favours a cautious scheme for opening careers to Indian in the Army. He says:—

'It is a strange anomaly that at a time when we have no hesitation in introducing Indians into our Executive Councils, those who serve the King-Emperor in the Indian Army can only rise to quite subordinate rank . . Under the present conditions the Indian Army does not offer a career that can attract Indians of good position, though it is just among the landed aristocracy and gentry of India that military traditions are continued with the strongest traditions of loyalty....Some of the best military opinion in India favours, I believe, an experimental scheme for the gradual promotion of Native officers, carefully selected and trained, to field rank in a certain number of regiments which would ultimately be entirely officered by Indians just in the same way as a certain number of regiments in the Egyptian Army have always been wholly officered by Egyptians.'

"My Lord, the question has been hanging fire since the time when His Royal Highness the Duke of Connaught was in command in this country. An Imperial Cadet Corps was established during the time of Lord Curzon and a training school started at Dehra Dun for the purpose. But so far, no steps have been taken to utilise the military talent in the country and give Indians commissions in the country. I trust that during the term of His Excellency the Commander-in-Chief, who has been identified with India during the past forty years, we shall have the privilege of associating his name with this much-needed and long-delayed reform."

The Hon'ble Raja of Partabgarh: "My Lord, the year that is drawing to a close has been exceptionally fortunate for India and its teeming millions. It has been rendered auspicious and important by reason of the most gracious visit of our Sovereign and the Queen-Empress and the Coronation Durbar held at Delhi. This epoch-making event has evoked demonstrations of loyalty and devotion which stand unparallelled in the annals of this land. The impression which the Royal Visit has left upon the country will largely conduce to the social and material progress of its people. The generous announcements made at the grand Durbar have touched to the quick the heart of India and had the effect of further strengthening our ties of loyalty to the British throne. My Lord, we are fully cognizant of the manifold blessings which our country enjoys under the British rule, and our sense of devotion to the person of our King is inborn.

"The transfer of the capital to Delhi will be beneficial and advantageous to the public interest, and will facilitate to a very high degree inter-communications between the Imperial and Provincial Governments.

"We had bounteous crops and good rains and can safely hope for a bright future.

"My Lord, it is a happy sign of the times that our attention is now being turned to industries other than agriculture. There is no doubt that agriculture has been our chief industry and will remain so, but depending, as we do, on the mercy of the monsoons in matters agricultural, the development of other industries will save millions of our poor countrymen from starvation in the years of bad monsoons.

"Education and sanitation are receiving our fullest attention and are chiefly the most crying needs at the present time. No country in the British Empire stands in greater need of sanitary reforms and progress than

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India. While other countries have adopted improved methods of sanitation, we have lagged behind. In the meantime several forces are at work which are decimating our population. There are, of course, clear indications that the Government of India have come to realize the gravity of the situation and have applied their serious thought to the solution of this problem. The creation of a Bacteriological Department, the inauguration of an Indian Research Fund and the holding of Sanitary Conferences—all point to the desire on the part of the Government to combat the evil. The allotment of 85 lakhs of rupees, of which 10 lakhs are earmarked for the Central Research Institute for works in public hygiene and for the establishment of a school of tropical medicine in Calcutta, is a practical proof of such desire. The money spent on research work is no doubt well spent. India is already so sorely smitten by plague and malaria that the appearance of a new disease such as yellow fever or kala-azar would indeed be a terrible misfortune. But above all we want a well-organised and properly trained sanitary staff. I would also venture to submit that in order to achieve more satisfactory results the people themselves should be made to realize the importance of domestic sanitation and hygiene, and a scheme should be discussed for the removal of the utter ignorance of sanitary laws which pervade the masses.

"My Lord, Your Excellency's weighty pronouncement at the last Convocation of the Calcutta University in regard to the future policy of the Government in the matter of education, the liberal grant of 50 lakhs for truly popular education announced at the Royal Durbar, and the assurance to supplement the same in future years on a generous scale, are the surest guarantee of our national progress and are clear indications of the fact that some day, distant though it may be, ignorance and darkness in the country will give place to knowledge and light. Your Lordship's recent visits to Calcutta hostels with those of last year have been immensely appreciated and admired as showing Your Excellency's deep interest in the welfare of our rising generation. We can but express our profound gratitude for the enormous good to our land within the short space Your Lordship has been the controller of our destinies.

"My Lord, dealing with the Provincial interest, I beg to submit that the United Provinces want the protecting help of the Supreme Government in the matter of the development of their natural resources. They want a more liberal grant of money for irrigation works to protect areas which are liable to drought. But above all they want what is their due—a liberal grant of a fair share of their income to be spent on education and sanitation. Both these schemes which tend to the intellectual and physical development of the people have suffered for want of funds. The Government and the people both are unanimous in their demand of a just apportionment of land-revenue raised in those Provinces to bring them on a level of equality with the sister Provinces. I trust the Government of India will give their due consideration to the claims of the United Provinces.

"My Lord, on behalf of the Talukqdars of Oudh, whose suffrages I have the honour to represent, I beg to express my sincere gratification and warm gratitude for Your Lordship's assurance to respect their rights and maintain their privileges, and I, as their spokesman, beg to assure Your Excellency that in future, as in the past, they will continue to co-operate with the Government in all measures calculated to promote the well-being of the country.

"My Lord this year marks the close of the first triennial term for which this Council was constituted under the new scheme, and it is our special pride to look back to-day upon past years during which a new era has dawned upon the country due to the policy of harmony and conciliation enunciated by the Government of India. In conclusion I beg to congratulate the Hon'ble Finance Minister on the caution and foresight displayed by him in dealing with the financial problems of this country and on the surpluses he has been able to announce. The policy of economy which he has inaugurated must result in a substantial saving which can be well utilized

in the realization to a full measure of Your Lordship's cherished desire, namely, the improvement of education and sanitation.

"Last but not the least I beg to express my sincere appreciation of the super-excellent services done to the finance of India by the Hon'ble Sir James Meston, whose richly deserved elevation to the Lieutenant-Governorship of the United Provinces has been hailed with feelings of unbounded joy all over the country by the Press and the public alike.

"My Lord, since it is the last sitting of the Council in this old capital of ours, I cannot help offering my sincere wishes for the growth and development of Calcutta under the fostering care of its new Governor, and at the same time hope that our new capital which has been created by the Royal Command at Delhi will very soon expand into a city worthy of the Imperial seat in India."

The Hon'ble Pandit Madan Mohan Malaviya : "My Lord, I cordially join the Hon'ble Mr. Gokhale in expressing our high appreciation of, and gratitude to, the Hon'ble Sir James Meston for all the assistance we have received from him in doing our work in this Council. If I may add anything to what has been said by him, it is only to give expression to the great satisfaction with which the appointment of the Hon'ble Member has been hailed in the United Provinces and the deep gratitude the people there feel to Your Excellency's Government for having given us so able, sympathetic and broad-minded a Lieutenant-Governor as the Hon'ble Member. We all join, my Lord, with the Hon'ble Mr. Gokhale in the hope that, after serving the full term of Lieutenant-Governorship in the United Provinces, Sir James Meston will come back to the Government of India as Finance Member to help forward the scheme of financial improvement on which he has laboured so long and so well. I also join in expressing our gratitude to the Hon'ble Sir Guy Fleetwood Wilson for all the assistance he has given us, and I trust that he will come back to us fully restored to health to promote the interests of India for the full term of his office.

"My Lord, the proposal that has been put forward by the Hon'ble Mr. Gokhale regarding the appointment of a Royal Commission to make a comprehensive examination of our financial position and to recommend a definite financial policy is one which deserves the earnest consideration and support of the Government. My Lord, I hope it will have that support, and that a Royal Commission will in due time be appointed to deal with the fundamental questions of finance which Mr. Gokhale has suggested. But even before that is done, and in the immediate present, there is one pressing financial reform to which I would invite Your Lordship's attention. Last year both the Hon'ble Mr. Gokhale and myself urged the necessity of revising the financial arrangements which exist between the Imperial and the Provincial Governments, and of putting them on a sound basis. It is undeniable that the unitary system which has prevailed so long has proved to be unsatisfactory in so far as the development of the Provinces is concerned. Under this system the Government of India have commanded the resources of the entire country. They have made allotments in such measure as they have thought proper to the various Local Governments to meet Provincial needs. The allotments have been made on no principle. The result is that four-sevenths of the total revenues of the country are being spent on Imperial purposes and about three-sevenths only for Provincial purposes. Thus the Army Department and other objects which have been considered Imperial have received all the financial support which they have asked for, and have flourished ; the needs of the people in matters which directly affect their welfare have not received half as much support as they deserved. This has sadly stood in the way of ameliorating the condition of the people. And so long as this system lasts, it will not be possible to do full justice to the most pressing popular requirements. The time has therefore come, I submit, when the Government of India should replace this unitary system by a federal system of Provincial finance. A great deal has been done to pave the way for this reform in the principles which have been laid down by the Government of India

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India to regulate financial settlements between the Government of India and the Local Governments. The first of these principles, as it was stated before the Royal Commission by the Secretary to the Government of India, is—

'that the Government of India shall retain certain administrative services which it is inexpedient to hand over to Provincial Governments, and that they shall reserve the revenue from those services and such a share of the other public revenues *as shall be adequate to the expenditure falling upon them.*'

"Now, my Lord, the expenditure falling upon the Government of India is principally confined to the army and to a few services which are directly under it. This expenditure has reached such a high limit that it cannot require large additions from year to year. To meet this expenditure the Government of India might reserve to itself the revenue which is derived from what are called the Imperial heads, and to meet the expenditure, which would not be met in this manner, require the various Provincial Governments to make a rateable contribution based on a definite and reasonable principle. Having secured this, it should leave the whole income from heads which are at present shared to the Provincial Governments. Under the existing system, the Government of India has at its disposal an unduly large share of growing revenues, and the Provinces have consequently an inadequate share of such revenues at their command. The result is that after meeting Imperial expenditure the Government of India is in the unsatisfactory position of having large surpluses on its hands and of finding it necessary to distribute them to the various Provinces. And this it does without any definite principle. The result of this has been that some of the Provinces have received a larger measure of support from the Government of India than other Provinces. My Province unfortunately has suffered most under this system, and I submit that, not only in the interest of the United Provinces, but in the interests of all the Provinces of India as a whole,it is necessary that the system should be altered. Not until this is done, my Lord, will there be sufficient funds available to Provincial Governments to devote to the systematic improvement of the condition of the people, and that condition loudly calls for more attention. We are all deeply thankful to Your Lordship's Government for the grants that have been made for education and sanitation. It has given us great satisfaction to know, my Lord, that these subjects are dear to Your Excellency's heart, and while we feel grateful to Your Lordship for what has been done in this direction, we hope and trust that more and more will be done as time goes on. But it is my conviction, my Lord, that, until the present system of financial arrangement is altered in the way suggested above, it will not be possible to secure adequate and continuous support to the cause of education and sanitation for all the various Provinces of India. The grants that have been made are large, and, being so, they have called forth much gratitude. But the needs of education and sanitation are very much larger. That the Government of India is fully alive to this fact is clear in all the utterances that have been made on its behalf, notably in the important utterance made by the Hon'ble Member for Education. He has said that the Government of India are profoundly dissatisfied with the present rate of the progress of education, and desire that that rate should be greatly accelerated; that they are determined to combat ignorance and to extend the blessing of education through the length and breadth of this ancient land; but this can only be done if adequate provision is made for funds to do so, and that provision will not be possible unless Local Governments are put in charge permanently of larger shares of growing revenues to be specially devoted to the purposes of education and sanitation. My Lord, I need not dwell upon the great need of doing more in both these directions. The progress that has been made and the progress which we hope will be made with the grants made for the purpose. is as nothing compared to what remains to be done. The people are sunk in ignorance, and they are exposed therefore to the evils of ignorance and its concomitants – poverty, misery and suffering. In the field of sanitation there is even a greater deal to be done, and we should not hope to see it done merely with the help of non-recurring grants made when a surplus in the hands of the Government of India make it possible for it to made such grants. No, my Lord, if the situation is to

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be materially improved, what is needed is that larger shares of growing revenues should be allotted to Provincial Govenments, to spend regularl from year to year and independently of whether the Government of India may or may not have any surplus in their hands in any particular year. There is only one other suggestion which I beg to lay before Your Excellency and the Council to-day for ameliorating the condition of the people, and that is that the Government should strengthen the people a little to fight their own economic and social battles. As I have said before, it is no doubt a matter of deep thankfulness that the Government of India are finding more funds to help them to do so, and we hope that as time goes on the Government will find more and more funds for the purpose. But, my Lord, no amount of funds which may be found will bring about the desired result unless the co-operation of the people is enlisted in the cause both of education and sanitation. In order that this might be done, I beg to suggest the formation of village-panchayats throughout the country. That is a measure the importance of which cannot be exaggerated. At the present moment the people are in a very sorry plight. In numerous places they are exposed to malaria; in numerous villages they do not got even good water to drink; in all but a few places there is no system of drainage worth speaking of. It is not at all surprising that, living as they do, the people fall easy victims to plague, cholera and other devastating diseases, that they die so largely from preventible deaths. When we look at Calcutta, when we look at the head-quarters of Government in the different Provinces, and compare their sanitary condition with the condition of the villages around them in which the great bulk of the people dwell, we may well be reminded of the great duty we owe to the people to secure to them the elementary benefits of sanitation. It is high time that more should be done in that direction than is being done. I submit, my Lord, that one great effectual step which can be taken towards this end is to create village-panchayats, to give them some initiative, and to place some funds in their power and thus to help and encourage them to combat the evils of ignorance and insanitation. My Lord, the Government has been labouring in many directions to help the people; the Government has started Agricultural Banks; it has helped to organise Co-operative Credit Societies for the benefit of the agricultural classes, and much good has resulted from these societies. But the ignorance of the people proves to be a great difficulty at every step. If malaria is to be fought, if quinine is to be distributed, difficulty is experienced in doing it because of the ignorance of the people. The most elementary measures of sanitation are sometimes viewed with suspicion and distrust. All this will be avoided if there are constituted regular village-panchayats to which the elders of the village, men in whom the people of the village have confidence, should be appointed. It should be their duty to explain to the people the advantages of the measures which the Government may introduce for their benefit, and also to represent to the Government the needs of the people, and to adopt and carry out with the consent of the people such measures as may be needed to protect them from disease and to promote their welfare.

"My Lord, I beg to lay this humble suggestion for the consideration of the Government. I hope it will be considered and adopted to the great benefit of the people and the great advantage of good government."

The Hon'ble Raja of Kurupam said: "My Lord, it is my pleasant duty to congratulate the Hon'ble Finance Member and Your Excellency's Government on the very satisfactory Budget that he has placed before this Council. It records a year of phenomenal progress and prosperity. It shows that the revenue for the year was better by nearly 3½ millions, that the expenditure has decreased by about 1½ millions, leaving a surplus of over 2¾ millions. This is a result which, as the Hon'ble Finance Member points out in his very interesting speech, could not have been attained, but for the dramatic change in the seasonal outlook in the closing months of the past year, as if nature herself had resolved to make the year of the Royal visit one of unalloyed happiness for the rejoicing millions of this continent.

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"It is my next duty to express for myself and on behalf of my constituency our deep thankfulness to the Government for the abolition of the proprietary village service cess. The discontinuance of this cess at this time is all the more gratifying to us in that it has been effected at a time when, according to the Hon'ble Finance Member, the position of the Government is not such as to justify any important remission of taxes. During the last five years, both in the local Council and in this Council, I have pointed out the unjustifiableness of continuing this cess; and I have no doubt that its abolition will be felt as a special boon by the zamindari raiyat and all those interested in his well-being.

"It is a matter for sincere gratification that the Government have been able to effect considerable economies in all directions, in pursuance of the assurance given by them when the Hon'ble Mr. Gokhale brought forward his resolution about retrenchment in public expenditure; and the Government is to be congratulated on their having taken the Council into their confidence by giving an account of what they have been doing in this direction till now.

"The next remark I wish to make is about the very judicious way in which the Government have utilised the year's large surpluses. Education, medical and sanitary services, agriculture, have all received proper recognition. It is the policy definitely put forward by the Government with regard to the first of these, that is, education, which, I believe, will be most appreciated and approved by the country. It is a matter for sincere rejoicing that the Government have committed themselves to a policy of extending popular education. They have set apart the very handsome amount of 125 lakhs for next year for educational service. The public are really thankful to the Government for their liberality in this respect, though, of course, great headway has yet to be made in this direction. It is to be earnestly hoped that the Local Governments will make vigorous efforts to utilise the large sums placed at their disposal by carrying out a definite programme of educational and sanitary reform without needless delay. I cannot leave this subject without thanking the Hon'ble Finance Member for the very handsome compliment which he paid the other day to our much respected countryman, the Hon'ble Mr. Gokhale, for his invaluable services in the cause of popular education. It is to be devoutly hoped that the vigorous extension of elementary education among the masses will speedily pave the way for the attainment of the object which my friend, the Hon'ble Mr. Gokhale, has so much at heart, by showing the benefits of education to the masses and thereby creating in them a real desire for it, by bringing into existence the kind of vernacular literature which will be most suitable to them, and by the creation of an adequate supply of trained teachers fitted for the responsible work of instructing the popular mind. I venture to add that the money which the Madras Government has proposed to spend on the establishment of Government model schools in our Presidency may be far more usefully spent on elementary education, in view of the extreme disfavour with which that scheme has been received by a large mass of enlightened opinion in the Presidency. It is very widely believed that the change in the educational policy of the Government, indicated by the establishment of expensive Government model schools, would be highly detrimental to indigenous educational endeavour.

"In this connection I cannot help bringing to the notice of the Government the very wide dissatisfaction prevalent in regard to the existing grant-in-aid code. I earnestly hope that nothing will be done to discourage private effort in education, and that, in respect of grants, the Government will adopt a more liberal policy. The mention of my Presidency leads me to make just one more remark in regard to the favour which the Government have shown to that Presidency in the present Budget. I am sure that the substantial grant of 25 lakhs in aid of the Madras water and drainage works, though but a third of what the Madras Corporation applied for, will go far to allay the feeling which has grown up among us that the claims of our Presidency do not receive the same recognition from the Government of India as those of other Provinces. I venture to express the hope that this grievance of the Southern Presidency

will not long remain unredressed, that the needs and claims of its people, whose level headedness and steadfast loyalty have been so conspicuously displayed in the troubled times now happily past, will be more and more recognised, and that greater encouragement and better opportunities of advancement will be given to those who are bearing the burden of the administration in the Province.

" The announcement of the methods by which the cost of the new capital at Delhi is to be met, that is, partly from loans and partly from surplus revenues, has evoked some severe criticism both in and out of the Council. It has been said that the effect would be to conceal the real cost of the construction of the capital from the public. While it is difficult to understand how this concealment can be successfully effected, I fail to see how the method proposed can be otherwise than suitable and beneficial, as it will best enable the Government to adjust means to ends without serious interference with the normal course of expenditure in other directions. And I venture to add that, in my humble opinion, the idea that the future generations should alone be saddled with the cost of the new capital is, to say the least of it, not a very commendable one.

" My Lord, probably the most important legislative measure of the present session is the Co-operative Societies Bill which became law the other day. The alterations embodied in the new Act, such as the abolition of the statutory distinction between urban and rural societies, and the relaxation of certain restrictions imposed by the old Act, will largely facilitate the rapid spread of Co-operative Credit Societies, with the result of perceptibly raising the condition of the vast numbers of agriculturists and artisans of limited means throughout the country.

" My Lord, one word more and I have done. Dealing with the Budget Estimate for 1912-1913, the Hon'ble the Finance Member has told us that our prospects to-day are excellent and that we have every hope that the brightness of our outlook will continue. I am sure that every one in the Council will join in the hope that the coming year will fulfil these expectations, and that the next year's Budget will be as good a record of progress and prosperity as this year's has been. "

The Hon'ble Mr. Mudholkar: " My Lord, this is the second year since the constitution of the enlarged Legislative Councils on the new basis that this Council has the satisfaction of congratulating the Government and the Hon'ble the Finance Member on a prosperity budget. We have not only the opium windfall a second time due to unprecedentedly high prices obtained on restricted sales, but an improvement in revenue almost all round accompanied by substantial reductions in expenditure in very many directions. During the discussion on the Financial Statement I tendered my acknowledgments to Government for the efforts which are being made by the several departments to cut down unnecessary items. The emphatic and reassuring declaration made by Your Lordship in your speech of last year is bearing fruit.

" At the same time, my Lord, it is not superfluous to point out that while we have to be thankful for what has been accomplished, we must not forget that much still remains to be done and that we can never afford to relax our vigilance.

The close watch, scrutiny and control of the Head of the Government and of the Finance Department are as needed as ever, and the serious responsibility which lies on the members of this Council has ever to be borne in mind by them. With all the vigilant guard which was kept by the Hon'ble the Finance Member and his able and gifted lieutenant, whose well, deserved elevation to the chiefship of a Province has given unalloyed pleasure to all his colleagues in this Council, the natural tendency of expenditure to increase and of waste and irregular payments to creep in could not be completely repressed. The Explanatory Memorandum and the Appropriation Report issued the other day afford some curious instances. The expenditure under the head 'General Administration in India,' which stood at 201 lakhs in 1908-09, now stands at 233 lakhs. The increase to 211 lakhs in 1910-11 is explained on

the ground that additional expenditure was necessitated by the new Council schemes and the formation of a new Department of Education. Passing over 1911-12, when a crore and 20 lakhs were required, most of it in connection with the Royal visit, the Delhi Durbar and the Coronation celebrations, we find that the Budget for the coming year estimates these charges at 233 lakhs, that is, 22 lakhs more than the actuals of 1910-11. The greater part of it is explained, but still there remains a portion which seems avoidable expenditure. There would seem to be too frequent a resort to putting officers on special duty. The necessity of the propriety of many of these special appointments are not obvious to the uninitiated. I can understand the appointments made in connection with the Prices Inquiry ; but very many of the others both in the Imperial Secretariat and in the Provinces stand in need of justification. Let us bear in mind how greatly strengthened our Secretariats have been. Not to go very far back ; the expenditure under this head stood at 186 lakhs in 1906-07, that is, after the '*strengthening*' operations of the period of efficiency 1899 to 1905. In 1909-10 it advanced further by 13 lakhs. In 1910-11 came the formation of a new Department ; and 1912-13 will see the creation of a new Province. With the great increase in the permanent staff which has taken place, appointments on special duty seem hardly to be called for. My Lord, there is a belief that some of these appointments are made simply to enable an officer to mark time till a suitable post is available for him. The matter is one which would I hope receive close examination from the Finance Department.

" Another quarter to which I might be permitted to direct the attention of the Council is the heading ' Cost of Collection.' The expenditure debitable to land-revenue has risen from 548 lakhs in 1908-09 to 595 lakhs in 1912-13—an increase of 47 lakhs. The land-revenue has increased from 3,080 lakhs to 3,344 lakhs. The proportion of the increase of expenditure is higher than that of the revenue. The increase in the coming year over last year would be a little less than 24 lakhs.

" Similarly, in the Police charges there is an increase of 69 lakhs. I bear in mind the explanation given in the memorandum of the Hon'ble Sir James Meston. But with the improvement that has taken place in the state of the country there is room for considerable reduction, especially in the strength of the Criminal Intelligence Department.

" My Lord, considerable saving in every department can be effected without impairing efficiency by a larger employment of indigenous agency. In the statement which was placed on the table of the Council on the 10th of January last we find that the number of Europeans and Eurasians in receipt of salaries of Rs. 500 a month and over was 4,466 in 1910, while there were only 924 Hindus and Muhammadans. With the great spread of education that has taken place a far larger number than 924 can certainly be found capable of holding those higher appointments.

" In connection with this matter, my Lord, I might be permitted to mention that the country hoped that on the occasion of the Royal Visit steps would be taken for throwing open the posts of commissioned officers in the army to Indians of loyalty, position and merit. I had advanced a similar request in the speech which I made at the time of the Budget discussion in 1902. This is a reform which has been long talked of. When His Royal Highness the Duke of Connaught was in this country at the head of the Bombay Army, His Royal Highness suggested the establishment of an Indian Sandhurst. Nearly a quarter of a century has passed since then, and Indians are, so far as their position in the army is concerned, practically where they were then. The admission of selected Indians to higher posts in the army is demanded as much in the interest of economy as on the grounds of justice and high policy.

" There is one more subject to which I would with Your Lordship's permission briefly refer. The question of railway finance and railway working has of late attracted considerable attention from the commercial community and publicists. Last year I submitted some considerations to the Council on the subject. Since then, and especially during the last three months, railway

matters have been very much to the front. This is a healthy sign. Railways occupy a most important place in our social economy. The capital liability on account of State railways at the end of March 1911 was something like 482 crores. The interest charges alone came to about $8\frac{3}{4}$ crores, and little less than 5 crores were paid yearly in the shape of annuities for the purchase values of the company-made lines taken over by the State. Their value in affording protection from famine and in the development of interprovincial and outside trade is admitted to be of the utmost degree. Their expansion and improvement are recognised as eminently necessary by all thoughtful people. At the same time it is clearly perceived that expansion can in the first place safely proceed on a scale which is not beyond the capacity of the country, and that secondly it must be based on business principles and proceed on the reasonable certitude of the outlay proving remunerative in the not distant future. My Lord, it has become necessary to state these truisms because of the attempts that are being made by some outside commercial and financial magnates to accelerate construction without sufficient reference to the financial capabilities of the country and the remunerative character of the projects. In view of the pressure which is brought to bear upon Government, it is incumbent upon the non-official members of this Council as representing the interest of the permanent residents of the country to scrutinise every project from that point of view. The main lines have already been constructed. The expansion that is required is more in the direction of branch lines and feeder lines and of increasing the capacities of the arterial railways. The present traffic congestion emphasizes the immediate necessity of the last.

"While on one hand we have to guard ourselves against being hustled by outside pressure, we have on the other to meet the claims of various inland tracts and districts for being brought within easy reach of railway communications and of having their natural resources developed. The object can best be achieved by offering more liberal terms than the present to private enterprise, and encouraging the formation of companies with rupee capital. The claims of tracts exposed to visitations of famine can be adequately met from the funds available for protective railways out of the famine insurance grant.

"Irrespective of the branch and feeder lines for which private companies have received concessions and of the extensions which are being carried on on existing lines, there were more than 170 railways and tramways projected up to the end of December 1910. The remunerative capacity of some of these is open to question and of the rest varies greatly. Indeed, there are some big projects about which serious misgivings are entertained. If these projects were to be carried out by private companies on their own responsibility, Government might well trust them to take care of themselves. But for many of the larger projects the entire responsibility will fall on the State sooner or later if not from the beginning, and in regard to the majority of the rest some liability will have to be incurred. The determination of the railway programme is in the competence of Government; but it will be good for all if an opportunity is provided for the various interests in the country to urge their views in regard to the same.

"The necessity of a thorough discussion of the existing railway policy between the men of the people and the Government has become obvious in other directions also. Though the State owns the trunk lines, and the liability for their cost and maintenance is upon the country, it does not receive many of the advantages which results from unity of ownership. The Companies to whom the privilege of working the greater number of these lines is granted are in their desire to promote their individual interests—a natural enough procedure—carrying on competition in such a way as to nullify the main objects of State ownership. In the Resolution in regard to railway freights my friend the Hon'ble Sir Vithaldas Thackersey and I pointed out the hardships and the loss to which interprovincial trade and indigenous industries were subjected by the traffic arrangements of the rival way. I would here indicate merely some of the financial disadvantages resulting from the system.

"In the movement of goods it is not the shortest and most convenient route by which a Company where traffic originates despatches a consignment. It adopts that which would give it the longest lead, though this might be a

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circuitous one when a more direct and shorter route over another railway was available. Thus the most direct and shortest route for the coal of Raniganj or Jheria to Lahore is by the Oudh and Rohilkhand Railway *viâ* Mogalserai and Saharanpur. But the East Indian Railway adopts the route *viâ* Allahabad and Delhi, which means an addition of 35 miles, and the Bengal-Nagpur Railway adopts the Bilaspur-Katni route though this involves transit over 380 additional miles. This means an additional haulage charge which is Rs. 2·2 per mile for a goods-train on the East Indian Railway and Rs. 2-5 on the Bengal-Nagpur Railway. In addition to this extra burden which falls on the country there is an unnecessary longer employment of goods wagons on the East Indian Railway. One day for going and one for returning are lost in the case of each truck ; on the Bengal-Nagpur Railway 18 to 19 days for the two journeys. There is a favourite complaint about the deficiency of the rolling stock, and here we have one of the causes which bring about shortage of waggons.

"Each Company regards itself as a separate unit and budgets for its requirement without reference to the fact that the rolling stock being the property of the State ought to constitute the common property of all. Crores have been spent in recent years in making additions to the rolling stock—the allotment in 1909-10 was 6½ crores, in 1910-11 466 lakhs. There is here a considerable scope for economy if we keep ever present before us the fact that the State is the owner of these railways.

"There are several other matters connected with railway finance and the more economic working of our railways which, though very important, cannot be satisfactorily treated without dealing with the general question of railway policy; and into this question it would not be convenient to go in a discussion on the Budget. I have left them out for a more suitable opportunity.

"Well, I have pointed out some of the shortcomings; but I must again give my testimony to the excellent work which has been done by the Railway Department of the Government."

The Hon'ble Maung Mye: "My Lord, this is the first session of the Imperial Legislative Council which I have had the honour of attending, and I do not want to take up much of the Council's time ; but I have a few remarks to make on financial and educational matters connected with the Province which I have the good fortune to represent. Burma is a backward Province. It cries out for development. We have often heard people say that capitalists are unwilling to invest their capital in Burma for want of better communications and transport facilities, and in consequence the natural resources of the Province remain undeveloped. Burma has a very unfavourable financial settlement, and the grant of 20 lakhs for roads, though we are grateful for it, is a trifle compared to what we have lost on the financial settlement and is wholly inadequate for our requirements.

"The Government of India has given 60 lakhs of recurring grants and 65 lakhs of non-recurring grants for education and 85 lakhs for sanitation, agriculture and research—210 lakhs in all. Out of this we only get about 11 and Bengal about 56 lakhs.

"Money does not go so far in Burma as in India. If grants are distributed merely in proportion to population, we do not get enough. My people pay heavy taxes. We pay Rs. 5-4 per head of population ; the United Provinces Rs. 2 and the two Bengals and Behar pay only Re. 1-4 per head of population. We are paying more per head and should get more per head in return.

"Now I come to educational matters. We are anxious that a university should be established in Burma. We want this done particularly now that Calcutta is becoming a mere Provincial town. The Government of India is going away and the Beharis and Oorias are going to Patna. Then the Dacca University will take away the Eastern Bengalis. So only a very small number of Bengalis will be left to manage the Calcutta University.

"It is not proper that Burma should be under Calcutta any longer. We are a separate people and we want to develop on our own lines. It is true there are not many colleges in Burma, but there were only two colleges in

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Bombay when a university was started there. Local interest in higher education would grow very fast if we had a university of our own.

"There is a growing feeling in Burma that we do not come much under the notice of the Government of India and Burma suffers much from her geographical misfortune. Perhaps if the members of the Government visited Burma, they would understand the state of affairs better.

"We had hoped that the Royal boons would have done something for us, and while the Government of India is giving away lakhs of rupees to the other Provinces, it is only right and proper that Burma should also get a Royal boon of recurring and non-recurring grants for a university. Burma came late under the British Government. She wants more care and attention from the Government of India."

The Hon'ble Nawab Saiyid Muhammad : "My Lord, I congratulate the Hon'ble the Finance Minister for the excellent Budget he has presented to the Council, and also for the sympathetic tone which pervades his statements. The Budget is, if I may say so, in keeping with the spirit of the year, and it is a singular coincidence that the prosperity has been attained simultaneously with the august visit of Their Imperial Majesties, in India. My Lord, it is matter of immense pleasure and satisfaction that the unique and historical event which it was India's good fortune to witness at Delhi, I mean Their Imperial Majesties' Coronation Durbar, was a great success. The people of this country rejoice that they had an opportunity of manifesting their loyalty to their beloved Sovereign in person, and they feel sure that His Majesty has carried with him happy recollections and the gratitude of his Indian subjects.

"My Lord, since the Financial Statement has emerged from the committee stage, Field Marshal Sir William Nicholson's Committee has started for India to inquire into the Army expenditure of this country. I trust the Government of India will see the absolute necessity of allowing a wider scope to this Committee and afford all facilities for the thorough and exhaustive investigation into the finances of the Indian Army. Already great forces are at work against any possible reduction, but I sincerely hope that Your Excellency's Government will find the Nicholson Committee helpful in readjusting the military finances of this country.

"The next point, my Lord, is the congestion with railways. This has no doubt been very prejudicial to the trade as appears from the published proceedings both of the Bengal and Bombay Chambers of Commerce. Some have urged to bring out a traffic expert, while others want more money. The former seems a very reasonable request, and there is enough scope for a real expert on our railway systems. As for more funds, the Railway Budget showed a substantial lapse in the current year's allotments and no less than Rs. 152·24 lakhs is expected to lapse under the head 'Provision for the purchase of stores in England.' I have no doubt that the Hon'ble Member for the Commerce and Industry Department will be able to satisfy us on this point; but nevertheless it is clear that the Railway Board have not fully utilised the funds placed at their disposal.

"My Lord, I take this opportunity to acknowledge, on behalf of my Presidency, the educational and sanitary policies of Your Excellency's Government which has met with widespread approbation all over the country. It is our fervent hope that this policy will develop gradually and Your Excellency's name will be handed down to posterity as the promoter of an era of new life in India in which education and sanitation are destined to play a most important part."

The Hon'ble Raja of Dighapatia : "My Lord, before offering any remarks on the Budget, I beg respectfully to observe that the visit of Their Imperial Majesties to their Indian Empire has opened a new era for the people of this country and has practically driven away sedition and unrest from the soil. The memory of Their Imperial Majesties' visit to this city of ours will for ever be treasured up in the hearts of all men, women and children of this Province.

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"Now turning to the Budget, I beg to offer my heartiest congratulations to the Finance Minister for the cheerful Budget he has been able to present before the Council this year. He very modestly calls it a 'no-change Budget,' but we look upon it as a Budget of benevolence, reflecting very great credit and thoughtfulness on the part of those who are responsible for it.

"No doubt we were looking forward to the remission of at least some of the taxes that were imposed the year before last in anticipation of the opium deficit—preferably that on petroleum, which affects the poorest in the land; yet we have nothing to complain of, nay, we are grateful to the Government of India for the manner in which the surplus from opium windfall has been distributed, and also for the large grants made for education out of the ordinary surplus.

"It will be noted with very great satisfaction that ever since the Hon'ble Sir Guy Fleetwood Wilson has taken charge of the portfolio of the Finance Department, military expenditure is steadily going down every year, while grants to education and sanitation are mounting up by leaps and bounds, and we have every reason to hope that they will go up still higher, as we have been assured by the Finance Minister himself that the amelioration of sanitation and the wide and comprehensive diffusion of education would form the chief feature of Your Excellency's Viceroyalty.

"I hope it will be possible for the Government of Bengal to devote a considerable portion of the money allotted for sanitation towards the improvement of the waterways and the supply of pure drinking water, wherever it may be necessary.

"Last year I mentioned about the necessity of constructing a railway line connecting Nattore, Rajshaye and Godagari. I must confess I am disappointed to find no provision for this railway has been made in the present Budget, though I have reasons to believe that this line is not altogether outside the programme. I would therefore urge the Government to include it at least in next year's Budget. I had occasion to point out in my Budget speeches of previous years that this line is an urgent necessity as far as Northern Bengal is concerned.

"In spite of the difficulties in the way, I would beg the Government of India to reconsider the question of the construction of the line between Dacca and Archa (a place opposite to Goalundo). As Dacca is going to be the second capital of the new Presidency of Bengal and the seat of the Provincial Government for about two months in the year, it would be easily seen how very necessary this line will be in near future, specially when river navigation is getting more and more difficult at least in some parts of the year.

"It was widely expected that something would be done at the last Durbar to inaugurate the policy of granting commissions in the Indian Army to qualified scions of Indian Chiefs and Nobles, and naturally it came as a disappointment when no such announcement was made. I, therefore, venture to hope that, with a view to further retrenchment in the military expenditure without in any way materially impairing efficiency, something might be done in this direction.

"As one coming from Bengal, I cannot help feeling the deepest sorrow at the thought that this should be the last meeting of the Imperial Council in this historic chamber and in this historic city, which is intimately associated with the foundations of the British Empire in India, and without meaning any disrespect to any one I deplore the necessity for the change of capital."

The Hon'ble Sir Gangadhar Rao Chitnavis: "My Lord, the moral effect of Their Imperial Majesties' visit has far exceeded my anticipations of last year, thanks to Your Excellency's thoughtful and excellent arrangements at Delhi and elsewhere. The Royal Presence evoked an enthusiasm throughout the land which proved once for all that the heart of the nation was sound, and that the abnormal developments of the past six years were but passing phases of an artificial movement wholly foreign to the genius of the people. We owe it to our beloved Sovereign that seditious troubles are at an end, and we cheerfully and thankfully lay to our heart the message of hope which His Imperial Majesty

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has so considerately communicated to us. The boons announced at Delhi, and the substantial grant for the promotion of education and the annual stipends to scholars, so characteristic of the King-Emperor, give point to that message; they lay solid foundations for the intellectual and moral progress of the people.

" My Lord, from the Hon'ble Sir Harcourt Butler's reply to the Hon'ble Mr. Gokhale's question about the details of the Durbar grant of 50 lakhs for the support of education, it appears that, out of the 45 lakhs proposed to be distributed at once, technical education and industrial education have between them only 2 lakhs, or less than 4½ per cent. Even in this small grant the share of industrial education must be the lesser of the two. I am convinced more than ever that small industrial schools suited to local needs and conditions are of paramount importance to our material advancement. Through the operation of causes which we need not examine here, our village industries and the small industries of towns are prostrated; there is a general movement of the people from the villages to the towns for employment. Towns are bound to grow; concentration of population in towns is perhaps a necessary concomitant of modern civilisation. But the decadence of the villages and of village industries is an economic evil, especially in an agricultural country like India, which it is only meet Government should make an earnest effort to remedy. There is a pithy Indian saying, 'the stomach was made before the mind.' The indigenous industrial arts should be revived and developed as a solution of the difficulty of the empty stomach. I beg to acknowldge with thanks that a systematic effort is now being made in the Central Provinces to revive the cottage industries, and a sympathetic and energetic Director of Industries has been appointed. But Local Governments must necessarily depend to a large extent upon the Central Government for liberal subventions.

" My Lord, notwithstanding the strong pronouncement of policy made in Parliament by the Under Secretary of State on the occasion of the last discussion of the Indian Budget, we cannot abandon our faith in the efficacy and the absolute necessity of tariff protection for India. We must place before the Government our view of the case, and with my sense of British justice and Britain's genuine desire to consult the wishes of the Indian people in matters of policy also, I cannot believe that our prayers will always be unheeded by the Home Government, and that the future will not bring us the relief we so earnestly seek. In this connection I respectfully request Government to reconsider their decision about the maintenance of the excise-duty upon cotton-goods made in India. The duty should be suspended at least in seasons of stress.

" Speaking of agriculture, in view of the high price of agricultural cattle and their preservation, I beg to repeat my suggestion that the question demands consideration. Government sometime ago undertook a cattle survey as a preliminary to the consideration of this question; but we would like to know where the matter now stands.

" My Lord, irrigation has done much for agriculture. I am glad to note Government do not mean to slacken their pace in this direction. Light feeder railways which the Government is encouraging in certain parts have become popular in some Provinces and are likely to prove useful to the country in three ways. They help railway expansion, train the people in railway management, and attract their small savings for which they provide an excellent investment. In view of this consideration, I would request Government that better terms of guarantee will help this sort of enterprise still further.

" My Lord, I beg to thank Your Lordship for the recommendation you have made for the Legislative Council for our Province, and now I beg to associate myself with the appeal which the Hon'ble Mr. Dadabhoy has made to-day for the establishment of a teaching and residential university at Nagpur and the appointment of a fourth Judge in the Judicial Commissioner's Court. A teaching university will go a great way to ensure the intellectual progress of the Provincial people. The Indian

public cordially echo the hope expressed by Your Excellency at the last Convocation of the Calcutta University 'that teaching and residential universities may be multiplied throughout India.' I have heard complaints of congestion of business in the Judicial Commissioner's Court, and it is desirable to have another Judge to work it off.

"My Lord, in the investigation which the Government proposes to make into the financial condition of the local bodies, I hope Government will be pleased to consider the advisability of sanctioning a longer term than is allowed at present for repayment of advances for sanitary improvement. Much could be done to help progress by the suggested change in the maximum period. The special grants for the Central Research Institute for work in public hygiene and a School of Tropical Medicine supply incontrovertible proof of the anxiety of this Government for the suppression of plague, malaria and other epidemics; but it must be frankly admitted that the bulk of the work in connection with sanitary improvement must be done by the local bodies. In this view the necessity of the change will be evident.

"My Lord, I cannot conclude without expressing the sorrow I feel on this occasion of our last meeting in this hall so full of historic memories. I happen to be the oldest Member of the Council, and the break in all our past associations here causes me pain. At the same time the severance of the direct connection of the Imperial Government with Calcutta is synchronous with the introduction of large reforms for which Bengal has clamoured long. The change in the status of the Provincial Government and the annulment of the Partition ought to placate public opinion in Bengal. Thanks are due to Your Excellency for pacifying public opinion in the matter. Lastly, my Lord, I beg to associate myself with what my friend the Hon'ble Mr. Gokhale has said about Calcutta, the Hon'ble Sir James Meston and the Hon'ble Sir Guy Fleetwood Wilson."

The Hon'ble Babu Bhupendranath Basu: "My Lord, in congratulating the Hon'ble the Finance Minister on his Budget, I do not pay a merely customary tribute: we have had a large surplus and our revenues are being devoted in a much larger measure than before to purposes which will be fruitful of good to the people of India. I have neither the skill nor the ability to pursue my friend through the bewildering maze of figures, but the thread he has furnished in his introductory speech gives a clue which even a layman like myself may follow. It will be a matter of deep regret to me and to the people of Bengal that we shall miss in future his genial presence in our midst and cease to listen to a voice which will persuade us even against our better understanding.

"My Lord, I acknowledge with gratitude the large and liberal grants on education and sanitation, for they are both all-important. I shall not go into the enormous and appalling figures which represent the preventible death-rate of our country: very recently I had occasion to refer to the question, but surely in a population of 300 millions and in a continent extending from the Persian Gulf to the borders of China 4,129 hospitals and dispensaries, public and private, to meet the requirements of the civil and military population are none too many. Much remains to be done in the cause of sanitation, and though I sympathize to a very large extent with my friend Surgeon General Sir Charles Lukis in his despair to fight against mosquitos whose names are more terrible than their sting, I respectfully submit it ought not to be beyond the resources of science and civilization to wage a successful war with those insects on whose wings follow malaria, yellow fever, plague, sleeping sickness and kala-azar.

"In the brief space of time allotted to us for discussion on this occasion I pass on to a subject which to-day, now that we are meeting for the last time in this Council Chamber, is pressing on my mind. My Lord, only two years ago I was prevented in this very Council chamber from discussing the question of the partition of Bengal; but though I was silenced,

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the voice of my countrymen outside was not silenced, and the sense of injury and wrong rankled in their minds. The outward manifestation of public feeling was naturally growing less, but, what was worse, a deep seated sense of unredressed wrong was spreading. We felt that the Government of the day had failed to understand the problem: Would India have some ruler who would have the insight to feel and the courage to act? That was the question. My Lord, in our ancient mythology there is a story of a saintly woman being petrified for the sin which she committed unconsciously, and when she pleaded against the curse, it was said to her that she must wait until deliverance came from somebody who would be born hereafter. We, my Lord, like this petrified saintly woman of old, had to wait for that deliverance of ours. Then came Your Excellency's administration. We had at the head of affairs in India a fresh mind unaffected by bias and untinged by prejudice. There were difficulties in the way, difficulties created by lapse of time, and behind them all loomed the question of prestige. Then followed the announcement that His Imperial Majesty would hold the Coronation Durbar in India. We in India have always connected the celebration of such a great and auspicious event with some generous measure of public beneficence, and we felt a sort of vague hope that our King-Emperor, who had witnessed the distress in Bengal as the Prince of Wales, might do something to restore peace to our unhappy Province. It is no longer a secret, my Lord, that for the realisation of this hope I undertook last year a journey to England, impelled, may be, by the same unreasoning longing which in our country attracts from distant parts weary pilgrims seeking deliverance from fatal illness for a dear relative to some sacred shrine reputed to possess life-giving properties, a deliverance which, alas! the silent image seldom grants. My Lord, I do not for a moment profess that my visit has had any affect on the policy of Government; but it is some satisfaction to me and our people that I was able to place before the highest authority, so far as India is concerned, a presentment of the case from our point of view. My Lord, I am not one of those who would feel any exultation in the modification of the partition of Bengal, even if it had not been accompanied by measures which will have a far-reaching consequence on the destiny of my Province; but we Hindus of Bengal truly rejoice at the opportunities which will be again afforded to us to advance arm in arm with our Moslem brethren as fellow-workers and comrades, helping each other forward and onward. My Lord, in Your Excellency's presence, I feel some natural embarrassment in giving expression to the deep sense of gratitude we feel towards Your Lordship in having had the courage to undo what was an undoubted wrong. In doing so, Your Lordship has not only conferred a lasting benefit upon the Indian people, but has demonstrated to the world at large the greatness and might of British rule in India, that in the interests of justice it can rise above all petty considerations of prestige and even of settled facts. You have shown that British rule in India is compatible with the sentiment of self-respect in the people, and that it is not founded on the shifting foundations of power but on the solid bedrock of justice, and as time goes on and your great act comes to be viewed in its true perspective, your countrymen and ours will all alike honour a ruler who had taken such a prominent part in welding together the different parts of the Empire in bonds which will grow with time and not break under the strain of diverging interests. To quote the words of the Hon'ble Mr. Montagu: 'At last, and not too soon, a Viceroy has had the courage to state the trend of British policy in India and the lines on which England proposes to advance.'

"My Lord, I cannot pass from this question of the readjustment of the boundaries of my Province without referring to some incidental matters connected with it. It has been said that Your Excellency's scheme about the proposed Dacca University will be likely to reproduce conditions against which the people of Bengal fought with such desperate and passionate energy. I am glad to see Your Lordship shaking your head against that proposition. It would be a pity indeed if it did so. My Lord, I hope I betray no confidence when I say that Your Excellency has been pleased to give us the assurance that no such thing shall happen, that the fear of a dialectic difference in

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Bengal being created need not be entertained and that the proposed university at Dacca would only embrace colleges within its municipal limits; that it will only be a teaching university; and that in matter of Provincial appointments to the public service, no question will arise either in East or West Bengal as between the claims of Dacca and the Calcutta Universities. These assurances of Your Excellency when widely known will dissipate the fears that were entertained at one time, and the latest pronouncement that nothing will be done until the Government of Bengal has been consulted will remove any lingering doubts that still hover round the appointment of a separate educational officer. My Lord, I do not grudge to my friends of Bihar and Orissa their good fortune getting a full fledged Provincial Government with an Executive Council. I am afraid my friends of Bihar resented the reference made to them by my Hon'ble friend the Maharajadhiraja Bahadur of Burdwan, and they were telling me just now that my friend the Maharajadhiraja Bahadur owes his seat in this Council principally to the votes of the Bihar zamindars. That may be true or may not be correct. I do not know. But, my Lord, my friends of Bihar will no longer be voters in my Province. I may remind my friends of the story of the discarded wife which we had at one time heard in the eastern part of my Province. I will remind them of a poem which I learnt in my youth;

"No more thou comest with a lover's speed,
My once beloved bride to see,
Be she alive, or be she dead,
I think her worth all the same to me."

"And now that Bihar has gone from us and her votes do not count, I believe my friends occupy pretty much the position that the girl did in this ballad. But I believe I shall not offend my brethren of Bihar if I say that this good fortune of theirs is due to their association with Bengal. Bihar was making rapid progress during the last ten years, and my belief is that her progress would have been surer and quicker if that association had lasted a little longer.

The Hon'ble Mr. Mazharul Haque: "No."

The Hon'ble Babu Bhupendranath Basu:—"My friend says 'No', but I do not wish to raise a controversy. If he is pleased, we have no reason to complain. We Bengalis wish them all success in their new career.

"But, my Lord, if we do not grudge to Bihar her good fortune, we may certainly grieve that, in the redistribution of Bengal that has followed the Royal announcement, the deep and abiding sentiment of Bengal that all the Bengali-speaking tracts should be placed under one Government has not been given effect to. I believe in the hurry in which the scheme had necessarily to be worked out, this could not be done, and I feel sure that under Your Excellency's administration, after things have settled down, this question will be taken up and our legitimate grievances on this score removed. And now, my Lord as I am coming to a close, it will be idle to conceal that a feeling of great sadness comes over me. For I shall be the last member for Bengal to address this Council from the capital of my Province. Who knows, my Lord, what the future may have in store for us? Associations extending over a hundred and fifty years or more are not easily broken, and though no material harm may come to us, as I hope it will not, the people of Bengal will not cease to mourn, for many a long day, the loss of the diadem which was set upon the fair forehead of their beloved city. It has grown from a hamlet into the position of being the second city in the British Empire, and from its banks have spread the blessings of peace and prosperity over the British dominion in the East. Amidst the many losses that the change of capital will entail upon us none will be greater, none sadder, none more keenly felt than that we shall cease to welcome in our midst the representatives of the wealth and culture of all

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India, as members of this Imperial Council; for their presence even for a short time serves to extend the boundaries of our horizon and lift us out of the narrow limits of a Provincial life. It is with no light heart that we shall regard the loss of this invaluable privilege of coming into contact with the best minds in the Indian Empire. We shall also lose, my Lord, the beneficent presence of the Government of India; we shall lose the inestimable benefit which flows from personal contact with His Majesty's first representative in India, and for the moment, my Lord, we shall lose one whom we have come to regard as the greatest benefactor of our people. You are going, my Lord, to a seat redolent of memories of ancient greatness to which Calcutta can lay no claim. But, my Lord, we the people of Bengal shall always cling with love to our city enbosomed in the Ganges, whose water flows in their ceaseless task of pure ablutions round her radiant shores and nestled among foliage unrivalled even in India.

"I bid your Lordship, the members of your executive Council and my colleagues, official and non-official members of this Council, good bye and God-speed; and may British rule in India be as glorious and as brilliant in the future amidst its new surrounding as it has been in the past in this now historic city of ours.

"My Lord, I can say no more, and wish no better for the Government which has done for us so much in the past and from which, God willing, we expect much more in the future."

The Hon'ble Mr. Mazharul Haque: "My Lord, I have no desire to make a speech, but I would be failing in my duty if I did not express the grateful thanks of the people of Bihar for the great privilege which has been bestowed upon them. Your Excellency has restored to us our forgotten individuality, raised our status and given us a new life. The name of Hardinge is not only being blessed by us of the present generation, but it will be remembered and blessed by our children and our children's children. It has now become possible for us to develop and work our own salvation on our own lines.

"My Lord, the temptation to follow my Hon'ble friend the Maharajadhiraja Bahadur of Burdwan in his sarcastic references to my Province is great, but for once I shall resist it. I can quite understand his bitter disappointment, as henceforth it will not be possible for any one but a Bihari to exploit the new Province, and the determining factor in questions affecting Bihar will be the voice of her own people without any officious interference from unsympathetic people who have no scruples to take her votes but when the time comes refuse to help her. I should like to know what the landholders of Bihar will have to say to-morrow about the speech of my Hon'ble friend. Well, it does not matter; we are very well able to take care of ourselves. My Hon'ble friend has characterised the grant of an Executive Council to Bihar as an extravagant luxury. Well, everything which is a necessity for Bengal becomes a luxury when given to some other Province. Jealousy and conceit could go no further.

"My Lord, once more I thank Your Lordship for the great boon you have conferred upon the people of Bihar."

The Hon'ble Mr. Sachchidananda Sinha: "My Lord, under the rules in force for the discussion of the Financial Statement, the important points involved in it are discussed in the earlier stages, and they have already been so discussed this year. This last day's debate is now utilised for making some general observations, and for many years now the privilege has been extended to members to place before Government such views as cannot be urged by means of Resolutions. Naturally therefore a discussion of this kind is apt to be more or less rambling, but I trust that the same latitude will be conceded to me as to my colleagues to make a few general observations, especially with reference to the remarks of my friend, the Hon'ble Maharajadhiraja Bahadur of Burdwan, whose speech, if I may say so without impertinence, was the most

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rambling that I have ever heard in my life. It had a great deal to do with things absolutely irrelevant and not at all germane to the Budget, or to the financial policy of the Government of India. It was, on the other hand, a curious compound and an extraordinary jumble of bad history, perverse geography, ill-assorted ethnography, and confused topography—coupled with a distorted outlook on current political problems. Speaking seriously, I think his speech will cause profound disappointment to the people of Bihar, especially to the landholders of that Province, who had voted for him as their representative in this Council. My esteemed friend, the Hon'ble Mr. Haque, has already replied very pertinently to his absolutely uncalled-for remarks about the Bihar Executive Council. The Hon'ble Maharaja Bahadur has evidently forgotten that Bihar has had an Executive Council since the inauguration of that institution in the Lower Provinces about eighteen months ago, and to have taken away that privilege from the Biharis would have inflicted a very grievous wrong upon them. The Maharaja Bahadur seems also to have failed to realise the fact that it is in the Executive Councils as now constituted that scope is given to such little talent as the zamindars possess, by their being appointed as members of these bodies. I therefore think that he should have welcomed this institution for Bihar instead of condemning it.

"One more remark, my Lord, which I desire to make is this. The Maharajadhiraja Bahadur has declared himself to be a strong supporter of the now totally discredited scheme of partition effected by Lord Curzon six years ago. I wish I could honestly congratulate the Maharaja upon his support to Lord Curzon, but I am sorry I cannot. That partition as effected constituted two divisions of Bengal, and Bihar and Orissa into one Province. The Maharaja seems to think that the new Province as now constituted is heterogeneous, but I would like to know if it is any more heterogeneous as it stands to-day than it was with the two Bengal divisions thrown in? But that is the way how the Maharaja with his clear vision looks at this question. I shall pass on now, my Lord, to associating myself with the Hon'ble Mr. Haque in offering to Your Excellency and to Your Excellency's Government the very best and sincerest thanks of the people of Bihar for what is really a Royal boon to them in the truest sense of the term. I think I echo the views of the Biharis in saying that no people are really so happy and glad as those of Bihar are, on account of the separation of their Province from Bengal, and for which they had been crying aloud for many years; but unfortunately the Government of Lord Curzon did not see their way to accept what was the only ideal scheme for the partition of the Lower Provinces. This has now been accepted by Your Lordship's Government, and my friend the Hon'ble Mr. Haque, therefore, has rightly said that Your Lordship's name will go down to posterity as the best benefactor of not only Bihar but of the whole country, for having brought about the memorable administrative changes announced by our King-Emperor.

"My Lord, one word on the question of our finances. As the Hon'ble Mr. Gokhale has pointed out, our financial condition at present requires very careful consideration, on account of the fact that very soon the opium-revenue will have disappeared from our resources. It is therefore, especially in view of the demands now being made, the very proper demands, which the Government have to some extent conceded, for education and sanitation, absolutely necessary that our finances should be properly husbanded and that so far as possible all such economy should be effected as can be done, without in any way diminishing the efficiency of our administration. For this purpose, my Lord, my humble submission is that two things are absolutely expedient: the wider employment of Indians in the public services and a careful handling of our military expenses and charges. In regard to the wider employment of my countrymen, I gave notices of two or three Resolutions to be moved in this Council. I was given to understand, however, that the Government of India were in communication with the Secretary of State on these subjects, and I therefore withdrew them. I do hope that, in due course, the Government will be able to inaugurate a policy which will be conducive to the much larger employment of Indians.

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It seems to me that the time has come when the Government of India should have a Royal Commission appointed to go into the whole question. The Public Service Commission made its recommendations nearly 25 years ago ; and these, unfortunately, were far from satisfactory. We have taken long strides since then, in almost all departments of human activity, and I think, my Lord, that the time is come when the Government of India may very properly ask the Government at home to institute a Royal Commission to go into the whole question of the larger employment of Indians, including that of the recruitment of the judiciary from the legal profession.

"Similarly, my Lord, in regard to the Army charges, the subject has been discussed in this Council time after time, and by none more ably than by our great leader Mr. Gokhale. It is well known that the large additions made to the cost of the Indian Army in 1885-86 were certainly due to the fear of a Russian invasion at the time. Now, thanks to the Anglo-Russian Convention, which was mainly brought about due to Your Lordship's influence, and for which we are all very grateful to Your Excellency, this fear of a Russian invasion of the country has certainly disappeared. In view, therefore, of our many necessary requirements now, and the larger demands for education and sanitation, I request the Government of India to consider favourably the question of, at any rate, reducing the cost of the Army to the extent of the additions made in 1885-86, which will I think result in a saving of some 3 crores. And in this connection I would like to say that last year I gave notice of a Resolution to be moved in this Council that the commissioned ranks in the Army should be thrown open to Indians. I was then informed that the matter was under the consideration of Government, and that it was likely His Majesty the King-Emperor would himself make an announcement at the Durbar on the subject, and it was in that view that I withdrew my Resolution. Well, my Lord, expression has been given to-day to the view of the non-official members on this subject by the Raja of Dighapatia, and I may frankly say that great disappointment has been caused in the country on account of that boon not having been announced at the Durbar. I do sincerely hope that it will not be long before Your Lordship's Government will be able to make that long-looked for announcement.

"My Lord, one word about this being the last meeting of the session in Calcutta. I fear I am not so enthusiastic an admirer of Calcutta and of Bengal as my friend Mr. Gokhale. I follow him generally so implicitly that to me it is a real pleasure to find myself in disagreement with him on at least one question. He has pronounced this morning a glowing panegyric on this so-called beautiful city and on the scenery of Bengal. He said he had been for eleven winters in Bengal, and evidently he has come under the spell of this province and its metropolis—'the city of palaces' and of huts! He thinks so very highly of Bengal scenery, possibly because the Hon'ble Member comes from a part of the country which is very arid and very treeless—I mean the Dekkhan. Mr. Gokhale this morning blessed the administrative changes announced at the Durbar, on the ground that he thought they would be ultimately beneficial to the country as a whole, so far as he could foresee with the eye of faith and hope. It struck me that he must have surveyed the scenery of Bengal with the eye of faith also, or he could not have persuaded himself to speak as he did! But although I do not quite appreciate Bengal scenery to the extent Mr. Gokhale does, I think I may join him in saying that we are all sorry to go away from Calcutta, especially we of Bihar, who have been connected with it since 1765—a long association that—and we are certainly sorry to part with our Bengali friends. I fully reciprocate the sentiments of my friend the Hon'ble Mr. Basu and I assure him that we are all sorry to part with Bengal. But I feel sure that we part as the best of friends, and shall continue to work together wholeheartedly for the welfare and the regeneration of our common motherland."

The Hon'ble Mr. Gates : "My Lord, I have only a few remarks to make with regard to the portion of the Budget which falls in my sphere. We are glad to see that the disappointing results of the Provincial Financial

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Settlement of Burma have been recognised, and we are grateful for the grant of 20 lakhs for communications. This grant can be spent, as could a much larger sum, to great advantage."

The Hon'ble Sir James Meston: "My Lord, the points of purely financial interest which have arisen in the course of the debate to-day are comparatively few. Even those which did emerge are either of so large and comprehensive a character that it would be impossible to do justice to them at the fag-end of the Calcutta session, or they have been dealt with in a spirit of moderation which leaves the representatives of the Finance Department very little to say in reply. The speech of the Hon'ble Mr. Dadabhoy, it is true, bristles with points both great and small, but the number and complexity of them and the pace at which he pressed them home reminded me, while he spoke, of one of his great prototypes who—

> 'seemed to be
> Not one but all mankind's epitome;'

and on looking through my notes at the topics which he raised, I shrink from the encyclopædic task of answering them. Sir Vithaldas Thackersey alluded at some length to the very technical question of the assessment to income-tax of textile mills and factories in Bombay. The Hon'ble gentleman complains that Bombay is at a disadvantage as compared with the mills in other Provinces, and he is particularly dissatisfied with an answer which the Government of India gave in a recent letter to the Bombay Millowners' Association to the effect that they were not prepared to standardise the methods of the assessment of income-tax on factories throughout India. The main reason for that is that the assessment and collection of income-tax are left, in this country, to the Local Governments within certain defined rules and limitations; and in view of the extraordinarily varying conditions of different parts of the country, I hardly see how it could be otherwise. The character of the buildings, their durability, the nature of the machinery, the local practices regarding depreciation, and half-a-dozen other factors, differ in different parts of India, and no cast-iron rules could well be laid down for regulating them. The Hon'ble Member, however, specifically complained of two points—first, that no depreciation was allowed on buildings in Bombay, whereas it is permitted elsewhere; and, second, that the depreciation allowances generally are less liberal in Bombay than they are in other parts of India. The first of these points I hardly think is quite exact, as the practice in Bombay has been, in assessing factory buildings, to allow for the actual cost of repairs and maintenance without specifying any rigid proportion of allowance on that account. The Local Government have, however, now, at the instance of the agitation recently got up by the Millowners' Association, agreed to accept a regular 2½ per cent. reduction instead of the actual cost of repairs. The second complaint made by Sir Vithaldas Thackersey was that Bombay pays more than Calcutta and Cawnpore, and he suggests that the Bombay payments be levelled down to their level. Another alternative, however, had presented itself already to the Government of India, and that was that Bombay should be left alone and that Cawnpore and Calcutta should be levelled up. I hope that that will be equally congenial to my Hon'ble friend. The whole of the Bombay correspondence has been sent to all the other Local Governments for consideration; and perhaps before my Hon'ble friend brings the Resolution which he threatens on the subject, he will find that his Association is not at a disadvantage as compared with the other parts of India.

"Before I sit down will Your Lordship permit me to express my sincere thanks for the kind and graceful thoughts which inspired the Hon'ble Mr. Gokhale in the things which he said about me personally and to add my thanks to the other Hon'ble Members who followed him. It has been a great pride and a great privilege to be a member of the first reformed Legislative Council in India during its whole triennial period, and that pride is enhanced in the case of all of us officials who have so served—it is enhanced a thousand-

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fold—by the knowledge that we have secured in some measure the affection and confidence of our non-official colleagues. It is to their courtesy, to their unfailing consideration among new and often trying conditions, that we owe much that we have endeavoured in some measure to give them in return."

The Hon'ble Sir Guy Fleetwood Wilson : "My Lord, the debate on the last day of the session savours rather of a survival of the past than of real business. In the pre-reformed days of the Council, it was practically the only occasion on which members of Council could express their views on every subject, and it is quite natural that the tendency to do so should remain. The debate, however, must of necessity become every year less effective in view of the fact that this Council has realised that it possesses a far better agency to bring about improvement in the administration in the shape of well-considered, well-debated, and, if I may venture to say so, well-divided Resolutions.

"Resolutions of the importance and speeches thereon, of the capacity which have characterised this year's session, must do far more to advance the public interest than what can be but a somewhat desultory conversation on the last day that the Council meets. I do not therefore propose to deal at any length with the remarks of Hon'ble Members who have spoken on a variety of subjects.

"There are two points, however, of considerable importance which were raised by the Hon'ble Mr. Gokhale, which I think I should not pass over without any remark. The Hon'ble Mr. Gokhale reminds me of Mr. Gladstone. On one occasion, when Mr. Gladstone was suffering from the effects of over-work, he was ordered by his physician complete rest. By way of carrying out the orders of his physician, he promptly bought a Turkish Grammar and proceeded to study that language.

"Mr. Gokhale to the intense regret of every one in this room is admittedly suffering somewhat from the effects of over-work. I have little doubt that his medical adviser has enjoined him to avoid all unnecessary effort. By way of carrying out those instructions, he takes advantage of fifteen brief minutes at his disposal to embark on a discussion on such a trifle as a review of the whole basis of taxation.

"I will say frankly, at once, that I am not prepared to follow his example. I retreat and give him all the honours of war, for I am not prepared in the few minutes at my disposal on the last day of the session and with the thermometer at about 100 to take up the cudgels either for or against a radical alteration in the basis of taxation.

"There is much to be said in favour of Mr. Gokhale's suggestion to refer Indian expenditure to a Royal Commission; but there is one point which I should like to mention in this connection, and that is that there is one grave objection, which must be borne in mind, to the adoption of that course. It is inconceivable that less than five years would elapse before the recommendations of such a Commission would be given effect to, and I much fear that meanwhile every attempt to introduce improvement or to effect economies would be held up with the excuse that the Royal Commission was sitting, and that its report had not yet been considered.

"My Lord, I would ask your permission to dwell for a moment on the retirement from his present office of one who has been for over three anxious years my invaluable colleague and my devoted friend.

"Sir James Meston's distinguished services are so well known that it seems a work of supererogation to allude to them. It is not, I think, too much to say that for the last three years Sir James has been the guide, philosopher and friend of the Government of India. He has been more. He has been a helpful, sympathetic and loyal friend to every member of this Council.

"His unswerving devotion to duty, his entire subordination of all self-interest to the good of India, his ready sacrifice of ease, leave and even health in the interests of the public service, and his extraordinary capacity for carrying through the most difficult tasks without friction and with complete success, are so well known to every one of us that it is hardly necessary for me to dwell on them.

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" Sir James Meston's services during the last three years of stress and anxiety have been conspicuous and successful, and it is impossible for me to exaggerate the deep obligation under which I lie towards him.

" I hope I may be permitted to say that we have placed the finances of India in a sounder and stronger position than they have perhaps before occupied ; but if any credit does attach to the conduct of public business by the Finance Department during the last three and a half years, it should be attributed to Sir James Meston rather than myself.

" I believe I shall be voicing the feelings of every one present if I say that we wish him health, prosperity and success in the high position which, on the recommendation of Lord Hardinge, he has been called upon by his Sovereign to fill.

" I have been profoundly touched by the kind expressions which have been used to-day in regard to myself, and I am deeply grateful.

" Death has robbed me of more than one friend in this Council, and its coming reconstitution may lessen the number of those who have been myscol-leagues and my friends for three years. But be its composition what it may, the new Council cannot show me greater kindness or more unvarying consi-deration than that which I have received from you all, and for which I tender you my warm and heartfelt thanks."

His Excellency the President : " Following the example of some Hon'ble Members, I should like, as Head of the Government, to associate myself with the views of those who have expressed appreciation of Sir Guy Fleetwood Wilson and Sir James Meston. I share the hope that Sir Guy will return invigorated by his stay abroad and restored to health, so that he may be able to complete his full term of service. As regards Sir James Meston, although it has been a great pleasure to me to appoint him to so high and important a post, Hon'ble Members can well understand, I am sure, what a loss he will be to me and the Government of India as Secretary in the Finance Department. I need not go into the question of his great but unassuming ability ; but I am confident that his work and services will be to the great advantage of India in whatever position he is employed.

" There is only one point in other matters to which I would like to draw attention, and that is that, although I am determined to permit no measure in connection with the Dacca University that might be interpreted as a measure of partition, and although Mr. Basu has given expression to my own personal views, we have yet to know the view of the new Governor of Bengal on questions of detail, and still more those of the Secretary of State.

" We have now come to the end of another year, a year of historic memory, but it is the financial features of the year which have the first claim upon our thoughts. In the Budget I see a gratifying picture of India's economic strength. Famine came very near our doors in the autumn of last year ; but its heavy hand has been withdrawn from all but a few afflicted tracts in Bombay. Plague still scourges a patient and much-enduring people in parts of the country ; but the measures for repelling it are steadily growing in knowledge and efficiency and—what is worth even more—in cordiality of co-operation between our officers and those whom they endeavour to help. And so we have reached another milestone, and we pass onwards into the coming year, under the hand of Providence, in confidence and hope.

" The Finance Member, in opening his Budget, reviewed the progress of the last three years. I also have been tempted by his example to indulge in retrospect ; but I have been looking a little further back than he has done. I have been looking back to the days when our Indian revenues were clouded by two great shadows—the fall in exchange and the fear of invasion from our North-West Frontier. The era of our modern finance began about twelve years ago. It was an era of prosperity, high surpluses and reforming activity ; but it was dominated by these two great evils. Our exchange troubles, it is true, passed away in 1899, and I trust that under skilful guidance they will not return. Their consequences, however, remained in the high taxation that have been imposed to meet them ; in the pinching

of our administration; and in the poverty of the Provincial Governments. All this had to be put to rights. Moderation had to be restored to our taxes. Money had to be furnished for our more backward departments, particularly for the improvement of the police. The finances of Local Governments had to be placed on a sounder and more stable basis. To these objects the energies of my predecessors were bent and much of their surplus revenues were dedicated. Meanwhile, a heavy toll was being taken on our revenues by the other incubus which I have mentioned. The defence of our frontier and the preparation of our Army for war formed the second outstanding feature of the period that I am reviewing. Lord Kitchener matured his scheme for the reorganization and redistribution of our military strength, and large sums of money were devoted to it for a series of years. Looking then at the position broadly, we see how two great cycles of expenditure filled the rich years between the famine of 1899 and the crisis of 1907. The sequels of our currency troubles provided one : our military anxieties provided the other. The two overlapped, and between them they swallowed up the fruits of our prosperity.

" The situation has now entirely changed ; the dark shadows that lay over us have passed away. Our taxation has been lightened. The resources of Local Governments have been strengthened. Exchange is stable; and however much opinions may differ on points of detail, I believe that the basis of our currency policy is secured in public confidence. So also with our military dispositions. The momentous change that the Russian Agreement brought into our relations with our great Asiatic neighbour removed the menace on our frontier, and the rapid growth of our Army expenditure has now been checked and curtailed. At first these improvements were obscured by the financial collapse of 1907 and our slow recovery from its effects. But with care and economy, our finances are restored to health ; the sky is clear so far as human eye can judge, and we are ready for our next advance. On what lines shall we proceed ? For what goal shall we strive ?

" To that question my answer is clear and unhesitating. We have secured the defence of the country. We have removed our great handicap in international trade. It is now our duty to turn all our energies to the uplifting of our people. To that task we are giving freely in the Budget which you have discussed to-day. Is it too much to hope that it will be the dominant policy of the coming years ? The Finance Member told the Council of the hopes that rose in my mind when first I took charge of my high office. By those hopes I still abide, and in them I am more than ever confirmed. It is only by the spread of knowledge and by the resolute struggle against avoidable disease and death that India can rise among the nations. It is with this ideal that I sincerely trust our finances will remain in touch. The path will not always be smooth; funds cannot always be available, or enthusiasm always fervid. But we have made a beginning and we cannot now turn back.

" I will not say more on the subject of finance, but before this Council adjourns and its members return to their homes, there are some other matters upon which I would like to avail myself of this opportunity to say a few words to the members of my Legislative Council.

" When closing the Budget debate last year I dwelt on the approaching visit of Their Imperial Majesties the King-Emperor and Queen-Empress to India and the measures that we were already taking to ensure the success of their visit. Since then Their Imperial Majesties have come and after a happy time, full of mutual esteem and affection towards their Indian subjects, have returned to their English home. I will not dwell here upon the splendid pageants of the Coronation Durbar or the cordial reception granted to Their Majesties in Bombay and Calcutta, but I will only say that the expression I used last year, namely, a tidal wave of enthusiasm, was a very inadequate description of the stream of loyal enthusiasm and respectful reverence which broke through every restraint and flooded the country and all classes of the population with joy and gladness at the presence of Their Majesties amongst them. It was one only more proof of the undeniable fact that this vast Empire will yield to none in its loyalty and homage to the Throne.

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"The past year may well be described as an *annus mirabilis*, and owing to the beneficent administrative changes announced by the King-Emperor at Delhi, it will leave a lasting mark upon the history of India. We are confident that the beneficial results of those changes will eventually exceed all expectation, will introduce an era of peace and contentment, and will be to the advantage of better government and more efficient administration.

"In five days' time the three new Provinces will come into existence with complete full powers, with the exception of the Province of Bihar and Orissa, which will have to wait a few weeks, in accordance with law, for the creation of an Executive Council. All I wish to say to the three reconstituted Provinces is—'Go forward and prosper, and justify the policy of the Government of India by the maintenance of peace and order within your boundaries.' The tranquillity that happily prevails in Bengal as compared with the situation of the past few years, and even of a year ago, is already a striking and undeniable proof of the wisdom of the policy of the Government of India.

"As regards the transfer of the capital to Delhi, we fully realise the heavy responsibility entailed in the creation of a new Imperial city that shall be worthy of this Empire and which shall meet the requirements of a great capital, with a careful, but not too parsimonious supervision of the expenditure required to achieve a really satisfactory result. The creation of this new city is a matter in which I am taking, and shall continue to take, a very keen personal interest, and I have been in correspondence with Lord Crewe to send here as soon as possible the best sanitary engineer, town-planner, architect and landscape gardener that he can find to draw up plans for the new city. These will leave England in a few days' time. When acceptable plans have been prepared, the moment will arrive to call in architects to provide suitable designs and estimates for the new Government buildings, and these will require very careful selection and supervision. My own personal inclination is towards an Oriental style of architecture which should be in unison with local surroundings and with climatic conditions.

"I am well aware that criticisms have been levelled at the Government of India for having cited a fixed sum as the probable cost of the new capital, and that certain people have mentioned ten to fourteen millions as more likely to be expended than the more modest sum of four millions named by Government. I do not know upon what basis these estimates have been framed, but I can only regard them as exaggerated and fantastic. A little thought as to what land, Government buildings, roads, drainage, water-supply, etc., will at the outset be required for the new city, would convince any unbiassed person that the cost will approximate far more nearly to the Government estimate than to these exaggerated figures. For example, when I was in Delhi a few days ago, I saw what appeared to me a desirable site, and I made inquiry into the cost of acquiring a space of 30 square miles embracing this area. I found that it would cost, roughly speaking 30 to 35 lakhs. Now, irresponsible critics have probably not taken into account the cheapness of land at Delhi, which after all is a well-known fact, although most of the land in question is covered with rich and luxuriant crops. Lime, bricks and splendid stone, the same as that used by the Moghal Emperors, are to be found absolutely on the spot, while the Mekrana marble quarries are only 200 miles distant on a direct line of railway. These facts naturally conduce to reduce expenditure, but they again have been probably ignored by our amiable critics. Then again I know that the Government buildings and civil station at Dacca cost under 70 lakhs; I know also that the estimated expenditure on a handsome scale for Government buildings and civil station at Bankipore is under a crore. Are we wrong therefore in considering that we can do the same at new Delhi on a much more magnificent scale for six crores? Government have of course no intention of themselves building private residences, shops, business premises, etc. On the other hand, they hope to obtain a good return for land sold to private individuals on reasonable terms for building leases. I therefore do not at all regret that the Government of India mentioned a fixed sum of 4 million sterling, *i.e.*, six crores, as a probable cost of Delhi, which amount I have good reason to believe will, with proper care and super-

vision, be in the end but little, if at all, exceeded by the time that the city is built. I hope that these facts may reassure people in India and serve to correct irresponsible statements made by interested persons.

"We all know the adage that Rome was not built in a day; and however hard we may work, it will take some years before the new city can be completed. In the meantime we are making arrangements for the temporary accommodation of the Government of India at Delhi during next cold weather and for the meeting there of this Council. Although I fear that owing to the fortune of war in the approaching electoral campaign some familiar friends and faces may be absent when we meet next year at Delhi, I trust that nobody of my Council will take too seriously to heart the grave forebodings of certain organs of the Press in which Delhi is described as being afflicted with the ten plagues of Egypt. I bid those who are timid to be stout of heart, to realise that, in spite of these blood-curdling stories, the death-rate of Delhi is no more than that of Lucknow, and to remember that Delhi is one of the towns of Northern India where the increase of population has during the last twenty years been both steady and progressive.

"I should now like to turn your thoughts for a few minutes to external affairs in which the interests of a very large and influential section of the community are sentimentally, though indirectly, affected. I do not wish to touch on the question of the war between Turkey and Italy beyond expressing our profound regret that hostilities should be in progress between two countries so friendly disposed towards Great Britain, and to add that I happen to know that His Majesty's Government have, in conjunction with other Powers, already taken steps to mediate with a view to securing an honourable peace. When, however, it appeared that there was a likelihood of hostilities being extended by the Italian naval forces to Jeddah and Yambo, I immediately drew the attention of His Majesty's Government to the very serious anxiety that would be created by an attack upon the ports leading to the holy cities of Islam, and by an interference with the pilgrim traffic to those ports. Representations were at once made to the Italian Government by the Secretary of State for Foreign Affairs and satisfactory assurances were obtained.

"Having already mentioned the friendly disposition of Turkey towards Great Britain, I should like to inform the members of my Council of a significant incident which occurred only a few days ago, and of which I only learnt yesterday. The King received, on March 21st, a Special Mission from the Sultan of Turkey, consisting of the Turkish Ambassador, the Councillor and two Secretaries of the Turkish Embassy, and Reshid Bey (*Conseiller legiste*) of the Sublime Porte, who presented to His Majesty an autograph letter from the Sultan, and also the Order of the Hamedan-al-Osman and the Order of the Imtiaz conferred on the King as a fresh proof of the Sultan's desire to strengthen the friendly relations and cordial ties now existing between the two Empires, and as a special mark of His Imperial Majesty's sincere friendship towards the King. The point is that the almost unprecedented distinction of the simultaneous conferment of these two Orders by the Sultan on His Majesty the King-Emperor is a striking act of confidence and goodwill which I am sure will be appreciated by the Muhammadans of India.

"In Persia the situation during the past two years has been as unsatisfactory as possible, in so far as British and Indian interests are concerned. In the south of Persia anarchy reigns supreme, the Persian Government having neither power nor authority, while order in the Gulf ports is maintained solely by the presence of the British East Indian Squadron in the Persian Gulf. British and Indian trade interests have suffered severe losses, many caravans having been robbed and the muleteers killed by tribesmen, so that no caravans can now proceed in safety along the main trade routes. Within only the last few days 150 Indian troops have had to be landed at Lingah to protect the Consulate and British and Indian lives and property from the threatened attack of 2,400 tribesmen. Six months ago, owing to an attack made upon the British Consulate at Shiraz, which I may add was very bravely repulsed by a small handful of Indian troops acting as Consular guards

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it was decided to strengthen the escorts at Bushire, Shiraz and Ispahan, and four squadrons of the Central India Horse were sent to Persia for distribution between these towns and for the protection of British and Indian life and property. Shortly afterwards, when the British Consul at Shiraz was proceeding with a caravan with specie belonging to the Imperial Bank of Persia, escorted by half a squadron of the Central India Horse, they were attacked by the very men who were employed by the Persian Government as road guards, and they lost a few men killed and wounded, amongst the latter being the British Consul. The ordinary course under such circumstances would be to demand from the Persian Government the punishment of the offenders and reparation. Such a course under existing circumstances is not likely to produce much result, and the only alternative course would be to take the law into one's own hands and to send a punitive expedition. To act on such lines there would in my opinion be serious objections, since it might involve us in a situation in Southern Persia from which it might be difficult to extricate ourselves and which might eventually lead to the partition of Persia. Such a policy is entirely opposed to the views of the Government of India, whose hope and desire are that the integrity and independence of Persia may remain unimpaired. In view, however, of the necessity of looking after our own interests, we propose, with the approval of the Secretary of State, to instruct our Resident at Bushire to open negotiations with the tribes for the punishment of those who led the attack upon our convoy and for the proper guarding and security of the British and Indian caravans passing along the main trade routes of the south. This explanation of our policy will, I trust, dispel the fears of those who have imagined that we had leanings towards the partition of Persia with Russia. We have, I maintain, acted with much patience under circumstances of grave provocation, and our one hope is that we may yet see peace and order restored in Southern Persia in the near future.

"There are, I know, certain critics who declaim against the Anglo Russian Agreement in connection with Persia, and ask of what use it can be in view of the presence of Russian troops in Northern Persia. To those critics I would reply that the fundamental basis of the Anglo-Russian Agreement is the independence and integrity of Persia; and so long as we are a signatory to that agreement, we are able to exercise a moral influence on our co-signatory, where we could not use material pressure. Russian troops have not entered Teheran, and within the last few weeks they have been withdrawn from Kasvin. It is my own conviction that, were this agreement not in force, the partition of Persia would already be an accomplished fact.

"Nearer home and actually on our north-east borders we have had to send a small punitive expedition against some tribes of Abors, who last spring murdered Mr. Williamson, an able young official, and his party under circumstances of great treachery. The remains of Mr. Williamson have been partly recovered, and some of those implicated in his murder have been captured. Advantage was taken of the presence of the expedition to survey a considerable tract of country which was absolutely unknown. The expedition having achieved its object is now returning home.

"Although the Government of India have been so fortunate as not to be engaged in any tribal war on the North-West Frontier during the past few years, we have quite recently been nearly in conflict with the Mahsuds. This tribe has during the past year suffered terribly from famine; and in order to give them employment and to save them from being driven by hunger to become a nuisance to their neighbours, we obtained authority from the Secretary of State to commence work on a proposed railway from Pezu to Tonk. Upon this line 2,500 Mahsuds have for some time been employed. A certain section of the tribe that was hostile has tried to create trouble and has destroyed one of our roads. This caused some unrest on the frontier, necessitating the moving up of troops to meet all eventualities. Happily the Mahsuds employed on the railway realised the advantages of their situation, drove off their fellow-tribesmen and repaired the road. I think we may congratulate ourselves that this small railway, of which the construction will be profitable in the future, has saved us from a tribal war on the frontier.

BUDGET.

[*The President.*] [25TH MARCH 1912.]

"Now turning to affairs nearer home, and in particular to the work of my Legislative Council during the past session, I think that I may say with some pride and satisfaction that the debates that have taken place have reached a higher standard of statesmanship and efficiency than has ever been previously attained. They have taken place with a self-restraint and a mutual courtesy and good fellowship that might well be a model to all legislative bodies. Many Resolutions of various kinds have been brought forward by non-official members, and their views have been set forth with explicit clearness and much force. The fact that a large majority of these Resolutions have been negatived by Government is no reason for regarding these discussions as sterile or a waste of time. On the contrary, I regard them as most beneficial, since not only do they present an opportunity for the Government to hear the views of Hon'ble Members from every part of the country and thereby to acquire much useful local information, but they enable the Government to explain clearly their own views and to give publicity to their reasons for not acceding to them. Government must clearly be a moderating influence and restraining force advancing steadily on the path of reform and development with every care for the varied interests of the millions entrusted to their care. If all the Resolutions that were proposed were accepted and became law to-morrow, they would assuredly give place to others, probably of a more advanced type; and with progress at this rate India would soon be in the melting-pot. Consequently I see every advantage in the discussions that have taken place in this Council. They are in my opinion extremely educative, and will, I am sure, bear fruit in due season.

"With these few words I wish you all a happy return to your homes, and I declare this session closed.

The Council adjourned *sine die.*

W. H. VINCENT,

Secretary to the Government of India,

Legislative Department.

CALCUTTA;

The 1st April 1912.

EAST INDIA: ACCOUNTS AND ESTIMATES, 1912-1913.

EXPLANATORY MEMORANDUM

BY THE

UNDER SECRETARY OF STATE FOR INDIA.

Presented to both Houses of Parliament by Command of His Majesty.

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MEMORANDUM

BY THE

UNDER SECRETARY OF STATE FOR INDIA,

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA for 1910-1911 and the ESTIMATES for 1911-1912 and 1912-1913.

REVENUE AND EXPENDITURE.

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Appendix refers are as follows :—

Gross Revenue and Expenditure.	Accounts, 1910-1911.	Revised Estimate, 1911-1912.	Budget, 1912-1913.
	£	£	£
Revenue	80,682,473	82,038,800	79,354,000
Expenditure	76,746,186	78,945,800	77,875,700
Surplus or *Deficit*	3,936,287	3,093,000	1,478,300

In these figures all receipts are included in the total of revenue and all outlay in the total of expenditure, with the one exception that the working expenses of railways and the surplus profits paid to certain railway companies are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue just given include the net receipts of railways without any deduction on account of interest charges, the total receipts (without any deduction on account of interest charges, working expenses, &c.,) derived from the other commercial undertakings of the Government of India, *i.e.*, Irrigation works, Post Office, and Telegraphs, and from the sale of Opium, and the receipts of certain spending departments: while the figures of Gross Expenditure include refunds and assignments, the interest charges of railways, the working expenses and interest charges of other commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compiling the figures causes the revenue available for administrative purposes, and the expenditure on such purposes, to appear much greater than they really are; and it is accordingly the practice to present to Parliament an annual statement of Net Income and Expenditure (*see* H. of C. 73 of 1912), in which the net revenue derived from commercial undertakings and opium is shown instead of the gross revenue, and similar adjustments are made under other heads of revenue and expenditure by deducting

(25019—3.) Wt. 10556—215. 1875. 7/12. D & S. A 2

(1) refunds and assignments from the gross yield of land revenue, taxation, &c., and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue is not shown as a deduction from revenue but as a separate head of expenditure. In the following table the Net Revenue and Expenditure for 1910–11, 1911–12, 1912–13, are calculated in the same manner as in the annual Parliamentary return mentioned above.

Net Revenue.

—	Accounts, 1910–1911.		Budget, 1911–1912.		Revised Estimate, 1911–1912.		Budget, 1912–1913.	
I. Land Revenue, &c.:	£	£	£	£	£	£	£	
1. Land Revenue	20,112,161		20,668,500		19,972,100		20,522,300	
2. Forest	1,822,988		1,858,800		1,913,500		1,969,300	
3. Tributes from Native States.	408,694		423,300		396,300		402,200	
		22,343,843		22,950,600		22,281,900		22,893,800
II. Opium		6,271,531		3,093,300		5,162,400		2,930,700
III. Taxation:								
1. Salt	2,916,767		3,026,600		3,154,100		3,166,200	
2. Stamps	4,757,510		4,748,700		4,727,500		4,856,300	
3. Excise	6,957,379		7,154,900		7,571,200		7,829,800	
4. Provincial Rates... ...	552,860		544,100		555,400		549,500	
5. Customs	6,497,001		6,097,900		6,406,700		6,264,900	
6. Assessed Taxes	1,583,683		1,593,400		1,629,000		1,636,000	
7. Registration	424,645		429,300		431,600		442,500	
		23,689,845		23,594,900		24,475,500		24,745,200
IV. Commercial Undertakings:								
1. Post Office	46,030		115,100		85,100		169,700	
2. Telegraph	20,327		*47,200*		*50,500*		*29,400*	
3. Railway Revenue Account	2,017,496		1,849,800		3,122,600		2,021,900	
4. Irrigation	584,387		480,500		801,300		606,200	
		2,668,240		2,398,200		3,958,500		2,768,400
V. Mint		103,741		104,700		225,400		104,300
VI. Exchange		70,084		—		105,700		—
Total Net Revenue ...		55,147,284		52,141,700		56,209,400		53,442,400

Net Expenditure.

—	Accounts, 1910–1911.		Budget, 1911–1912.		Revised Estimate, 1911–1912.		Budget, 1912–1913.	
	£	£	£	£	£	£	£	£
I. Debt Services (excluding interest payments chargeable to Railways and Irrigation).		703,463		948,100		631,600		817,900
II. Military Services:								
1. Army	18,073,131		18,353,700		18,432,300		17,929,800	
2. Marine	354,080		356,900		376,000		356,000	
3. Military Works and Special Defence Works	837,831		864,600		820,400		808,700	
		19,265,042		19,575,200		19,628,700		19,094,500
III. Collection of Revenue ...		6,114,457		6,415,800		6,419,300		6,668,700
IV. Civil Services:								
1. Civil Departments ...	13,720,244		15,646,800		15,259,500		16,250,700	
2. Miscellaneous Civil Charges	4,202,960		4,286,400		4,305,300		4,355,700	
3. Civil Works	4,243,629		5,166,200		5,013,500		5,334,300	
		22,166,833		25,099,400		24,578,300		25,940,700
V. Famine Relief and Insurance		1,000,000		1,000,000		1,000,000		1,000,000
VI. Provincial adjustments:								
1. Provincial Surpluses, (which are added to the Provincial Balances and charged against the Revenue of the year)...		1,961,202		—		858,500		—
2. Provincial Deficits (*i.e.*, amounts taken from Provincial Balances towards defraying expenditure incurred in the year)		—		*1,716,000*		—		*1,557,700*
Total Net Expenditure charged against Revenue.		51,210,997		51,322,500		53,116,400		51,964,100
Surplus *or Deficit* ...		3,936,287		819,200		3,093,000		1,478,300

Accounts, 1910–11.

It will be seen from the table that the final accounts for 1910–11 show a surplus of £3,936,287 ; this is greater by £545,787 than the amount shown in the Revised Estimate published in March, 1911.

Revised Estimate, 1911–12.

The Revised Estimate of 1911–12 shows, as compared with the Budget of that year, increases of £4,067,700 in net revenue, £1,793,900 in net expenditure, and £2,273,800 in the surplus, which becomes £3,093,000. The increase in revenue is due in the main to a great increase under Opium and a remarkable improvement under Railways. The increases and decreases in greater detail were as follows :—

Net Revenue.

Increases.	£	Decreases.	£
Opium	2,069,100	Land Revenue	696,400
Railways	1,272,800	Other Heads	81,500
Excise	416,300		
Irrigation	320,800		
Customs	308,800		
Other Heads	457,800		
Total	4,845,600	Total	777,900

Net Expenditure.

Increases.	£	Decreases.	£
*Provincial Adjustments	2,574,500	Debt Services	316,500
Other Heads	294,700	Education	284,600
		Civil Works	153,100
		Medical	134,500
		Other Heads	186,600
Total	2,869,200	Total	1,075,300

Notes on the Heads under which the principal variations occur will be found in Appendix II.

It will be convenient, however, to give here the expenditure as at present estimated in connexion with the Royal Visit to India. The figures, subject to recoveries in some cases, are as follows :—

	£
Imperial—	
Civil	560,000
Military	207,000
Provincial—	
Expenditure at Delhi	173,000
Local celebrations	72,000
Total	1,012,000

These figures do not include the cost of the Royal boons announced at the Durbar, of which the cost, excluding the recurring grant of £333,300 a year for popular education, is estimated at £600,000. About £500,000 of this is accounted for by the bonus of half a month's pay granted to the Army and to certain civil employés.

Budget, 1912–13.

The Budget of 1912–13 introduces no changes in taxation.

The net revenue and expenditure are estimated as follows :—

	£
Net Revenue	53,442,400
Net Expenditure	51,964,100
Surplus	1,478,300

As compared with the Revised Estimate for 1911–12 these figures show decreases of £2,767,000 in net revenue, £1,152,300 in net expenditure, and £1,614,700 in the surplus.

* *See* page 20.

The increases and decreases in greater detail are as follows :—

Net Revenue.

Increases.	£	Decreases.	£
Land Revenue	550,200	Opium	2,231,700
Excise	258,600	Railways	1,100,700
Stamps	128,800	Irrigation	195,100
Other Heads	197,400	Customs	141,800
		Other Heads	232,700
Total	1,135,000	Total	3,902,000

Net Expenditure.

Increases.	£	Decreases.	£
Education	1,045,400	*Provincial Adjustments .	2,416,200
Medical	534,800	General Administration .	747,900
Civil Works	318,700	Army	502,500
Collection of Revenue ...	249,400	Other Heads	101,000
Debt Services	186,300		
Other Heads	280,700		
Total	2,615,300	Total	3,767,600

Notes on the Heads under which the principal variations occur will be found in Appendix II.

BURDEN OF TAXATION.

	Accounts 1910-11.	Revised Estimate, 1911-12.	Budget, 1912-13.
	£	£	£
Salt	2,916,767	3,154,100	3,166,200
Stamps	4,757,510	4,727,500	4,856,300
Excise	6,957,379	7,571,200	7,829,800
Provincial Rates	552,860	555,400	549,500
Customs	6,497,001	6,406,700	6,264,900
Assessed Taxes	1,583,683	1,629,000	1,636,000
Registration	424,645	431,600	442,500
Total	23,689,845	24,475,500	24,745,200
The payment per head, on the assumption that the whole of the taxation, including that on Salt, Excise, and Customs, is paid by the inhabitants of British India, is	*s. d.* 1 11·3	*s. d.* 1 11·9	*s. d.* 2 0·1
If the payment of Land Revenue be added, the average becomes	3 7·1	3 7·7	3 8·1
For the purpose of calculating the burden of taxation the figures of population in the three years under review have been based on the Census of March, 1911, an annual increase of population at the rate of ½ per cent. being assumed.			

* *See* note on page 20.

DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

Debt.

1911–12.—The following Sterling Bills were issued in England :—

£			£	s.	d.
1,000,000	in April, 1911, at an average price of		97	6	$5\frac{3}{4}$
2,000,000	in June,	ditto ditto	96	18	$5\frac{1}{4}$
1,500,000	in December,	ditto ditto	96	19	$4\frac{3}{4}$

All of these were in replacement of Bills falling due.

£500,000 Bills were discharged in June, 1911, without replacement.

In India a rupee loan of 2 crores (£1,333,300) was issued in July, 1911, at an average price of Rs. 96 : 3 : 10·5.

£1,776,200 Railway Debenture Bonds and £500,000 India Bonds were repaid.

1912–13.—Provision has been made in the Budget for 1912–13 for the issue in India of a rupee loan of 3 crores (£2,000,000), which will be devoted to capital expenditure on the new capital at Delhi ; and of a £3,000,000 3½ per cent. loan in England. This latter was issued in April, 1912, at a fixed price of 93. Of the India Bills outstanding at the beginning of the year £1,000,000 were paid off in April, £2,000,000 in June, and it is intended to discharge the remainder within the financial year. It is also intended to repay during the year £1,477,600 Railway Debenture Bonds and £500,000 India Bonds.

Irrigation Works.

The outlay on the construction of Major Irrigation Works incurred during the last two years and estimated to be incurred during the present year is as follows :—

	£
1910–11	1,541,100
1911–12 (Revised Estimate)	2,003,100
1912–13 (Budget)	1,899,500

The allotment for 1912–13 includes grants of—

£	
386,700	for the Upper Jhelum Canal.
233,300	for the Upper Chenab Canal.
206,700	for the Lower Bari Doab Canal.

The total capital expenditure up to 31st March, 1912, excluding indirect charges, on Major Irrigation Works, is estimated at £35,921,273.

The net earnings (*i.e.*, gross receipts less working expenses) in 1910–11 gave a return of 7·11 per cent. on the "capital at charge" (*i.e.*, the mean of the capital expenditure at the beginning and the end of the year). (*See* App. IV.)

Railways.

On the 31st December, 1911, the length of railways in India open for traffic was 32,888 miles, of which 789 miles were opened in 1911. The total mileage under construction or sanctioned for construction at the close of the year was 2,684 miles.

The capital expenditure on railways shown in the Government Accounts for 1910–11 and Estimates for 1911–12 and 1912–13 is as follows :—

	Accounts, 1910–11.	Revised Estimate, 1911–12.	Budget, 1912–13.
	£	£	£
Expenditure not charged to Revenue :—			
(A) Outlay on lines worked by the State and by guaranteed companies :—			
(1) From funds provided by the State...	6,620,927	6,951,500	7,836,700
(2) From funds raised through companies or provided from other sources.	825,001	866,900	1,163,300
	7,445,928	7,818,400	9,000,000
(B) Outlay on branch lines not on firm guarantee	93,315	66,800	156,300
Expenditure charged to Revenue :—			
Famine protective lines	36,895	60,900	43,300
Provincial State lines	795	1,400	3,500
	37,690	62,300	46,800
Grand Total ...	7,576,933	7,947,500	9,203,100

The figures given above do not include expenditure on railways whose transactions do not pass through the Government Accounts. In 1910 the capital expenditure on these lines was £1,698,067, of which £486,067 was on railways owned by Native States.

The net traffic receipts in 1910–11 of open lines in which the Government is directly interested gave a return of 4·88 per cent. on the capital at charge. (*See* App. III.)

Liabilities and Assets.

On the 31st of March, 1912, the debt of India amounted to £276,281,823 (viz. :—rupee debt, converted into sterling at 1*s.* 4*d.* the rupee, £93,311,810, and sterling debt, £182,970,013). There were also other obligations of the Government of India, including Savings Bank balances, Judicial and Departmental deposits, balances of Service Funds, &c., amounting to £27,128,769, and the various railway annuities, representing at present an annual charge of £3,357,300.

Up to the same date the Government of India had devoted £134,946,068 to the construction of Railways, and £35,777,200 to the construction of Irrigation Works. It had purchased from guaranteed companies (in some cases by cash payments, in others by annuities, and in one case by the direct issue of India stock to the company) nine railways, on which, at the time of purchase, £108,092,386 had been spent from capital raised by the companies. Its advances to Railway Companies stood at £10,578,500 and it had lent £12,266,067 (net) to Native States, Corporations, Agriculturists, &c. Other assets were the Gold Standard Reserve, on account of which £16,748,085 had been invested in sterling securities, £1,934,302 was held in rupees in India, and £1,073,710 in cash in England ; the cash balances in India, £12,280,000 ; and the cash balances in England, £18,389,908 (in addition to the sum held on behalf of the Gold Standard Reserve).

GOLD STANDARD RESERVE.

It was decided that, with effect from 1st April, 1900—

(1) the net profit on the coinage of new rupees should not be treated as revenue, but should be paid to a special reserve (now called the Gold Standard Reserve);

(2) the reserve should be held mainly in sterling securities, the interest being added to the reserve as it accrued.

From July, 1906, a portion of the Reserve has been held in India in rupees in order that the Government of India may be in a favourable position for meeting without delay in times of pressure heavy demands for the issue of rupees in exchange for sterling.

In 1907 it was decided that half of the net profit on coinage from 1st April, 1907, should be used to supplement the funds available for capital expenditure on railways, the other half of the profit and the whole of the interest receipts being added to the Reserve as before. In June, 1912, this arrangement was modified, and it was decided that the interest on investments and the profits on coinage hereafter received, except profits retained in India for building up the silver branch of the Reserve, will be held in gold at the Bank of England until the amount so held reaches £5,000,000; no portion of the profit will be used for railway purposes until the total sterling assets of the Gold Standard Reserve amount to at least £25,000,000.

No coinage of new rupees from purchased silver has taken place for the past four years, and there has consequently been no profit available for transfer to the Reserve during that period, with the exception of small payments of arrears.

Statistics, &c., regarding the Gold Standard Reserve.

The total receipts from profit on coinage and from interest and discount up to 31st March, 1912, have been as follows:—

Profits on Coinage—	£	
1900–1	3,031,294	
1901–2	415,100	
1902–3	264,028	
1903–4	2,627,575	
1904–5	1,790,380	
1905–6	3,677,880	
1906–7	4,014,426	
1907–8	2,247,207	
1908–9	102	(arrears).
1909–10	25,190	(„).
1910–11	—	
1911–12	—	
Total	18,093,182	
Interest and discount	2,958,133	
	21,051,315	

Of this sum £1,123,655 has been used for capital expenditure on railways; the remainder (£19,927,660) has been paid to the Reserve.

The following table summarises the position of the Reserve on 31st March, 1912:—

	£	£
Profits on Coinage—		
Total Profits realised 1st April, 1900, to 31st March, 1912	18,093,182	
Deduct amount used for Capital Expenditure on Railways	1,123,655	
Profit paid to Gold Standard Reserve...		16,969,527
Interest and discount received up to 31st March, 1912		2,958,133
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1912		19,927,660
Deduct—		
Loss on Sale and Redemption of Securities	153,083	
Miscellaneous Charges	18,480	
Total deductions		171,563
Amount of Reserve on 31st March, 1912		£19,756,097

	£
Sterling Securities held in England (cost price)	16,748,085
Cash held in England on account of the Reserve	1,073,710
Rupees held in India on account of the Reserve	1,934,302
	£19,756,097

The Securities purchased for £16,748,085 (as shown above) were as follows :—

Securities.	Nominal Value.	Cost Price.	Minimum selling price on 31st March, 1912.
	£	£	£
2½ per cent. Consolidated Stock	4,665,770	4,207,463	3,650,965
Local Loans 3 per cent. Stock	200,000	195,106	177,500
Guaranteed 2¾ per cent. Stock	438,720	407,188	343,299
3 per cent. Exchequer Bonds	4,735,600	4,724,091	4,750,171
British Treasury Bills	4,500,000	4,439,923	4,439,923
Transvaal Government 3 per cent. Guaranteed Stock	1,092,023	1,076,524	1,015,581
Union of South Africa Treasury Bills	500,000	487,757	487,757
Securities issued by Governments of other British Colonies.	1,055,400	1,064,579	1,057,593
Corporation of London Debentures	145,000	145,454	144,594
Total	17,332,513	16,748,085	16,067,383

The net profit on the Gold Standard Reserve Investments up to 31st March, 1912, is shown below :—

	£
Cost price of securities held on 31st March, 1912 ...	16,748,085
Minimum selling price on 31st March, 1912	16,067,383
Loss through depreciation	680,702
Loss on sale and redemption of securities	153,083
Total losses	833,785
Miscellaneous charges	18,480
Interest and Discount received up to 31st March, 1912	2,958,133
Net profit on Investments	£2,105,868

EXCHANGE AND REMITTANCE.

The sales by the Secretary of State of bills and transfers on India during the last nine years have been as follows :—

1903–4	...	£23,859,303	at an average rate of	1*s.* 4·049*d.*	the rupee.
1904–5	...	£24,425,558	,, ,,	1*s.* 4·045*d.*	,,
1905–6	...	£31,580,454	,, ,,	1*s.* 4·043*d.*	,,
1906–7	...	£33,418,716	,, ,,	1*s.* 4·084*d.*	,,
1907–8	...	£15,307,062	,, ,,	1*s.* 4·029*d.*	,,
1908–9	...	£14,144,545	,, ,,	1*s.* 3·9305*d.*	,,
1909–10	...	£27,444,609	,, ,,	1*s.* 4·041*d.*	,,
1910–11	...	£26,212,866	,, ,,	1*s.* 4·061*d.*	,,
1911–12	...	£27,058,550	,, ,,	1*s.* 4·083*d.*	,,

The sales in 1909–10 and 1910–11 included £575,000 and £1,270,000 respectively for telegraphic transfers on India against shipments of sovereigns from Australia and Egypt consigned to the Secretary of State in London.

In 1908–9 and 1909–10, owing to exceptional conditions of trade, bills payable in London in sterling were sold by the Government of India to the amount of £8,058,000 and £156,000, respectively, at a fixed rate of 1*s.* $3\frac{29}{32}$*d.* the rupee.

SEABORNE TRADE.

The following figures show the Exports from, and Imports into, India during the last three years :—

	1909-10.	1910-11.	1911-12.
On Private Account.	£	£	£
Imports of Merchandise	78,038,400	86,236,000	92,423,900
Exports of Merchandise	125,256,700	140,047,900	151,763,700
Net Exports of Merchandise	47,218,300	53,811,900	59,339,800
Net Imports of Gold	14,446,000	15,985,800	25,178,200
Net Imports of Silver	6,242,500	5,738,800	3,528,800
Net Imports of Treasure	20,688,500	21,724,600	28,707,000
Net Exports of Merchandise and Treasure on Private Account.	26,529,800	32,087,300	30,632,800
Government Transactions.			
Imports of Merchandise	3,727,200	2,901,200	3,653,700
Exports of Merchandise	55,400	53,100	96,000
Net Imports of Merchandise	3,671,800	2,848,100	3,557,700
Net Imports *or Exports* of Gold	7,000	—	*5,000*
Net Imports of Silver	54,100	39,900	29,300
Total Net Imports *or Exports* of Treasure	61,100	39,900	24,300

EDWIN S. MONTAGU.

India Office,
16 July, 1912.

APPENDIX I.

Notes on the main heads of Net Revenue and Expenditure.

NET REVENUE.

Land Revenue.

	£
Accounts, 1910–11	20,112,161
Budget, 1911–12	20,668,500
Revised Estimate, 1911–12	19,972,100
Budget, 1912–13	20,522,300

The considerable deficiency in the revised estimate for 1911–12 as compared with the Budget for that year is due to remissions necessitated by the partial failure of the monsoon.

Opium.

	Accounts, 1910–11.	Budget, 1911–12.	Revised Estimate, 1911–12.	Budget, 1912–13.
	£	£	£	£
Receipts	7,521,962	4,280,400	5,904,700	3,622,000
Charges	1,250,431	1,187,100	742,300	691,300
Net revenue	6,271,531	3,093,300	5,162,400	2,930,700

The opium revenue is collected in different ways in different parts of India. In certain districts of Bengal and the United Provinces the poppy is cultivated under a system of advances by the Government, who manufacture the drug at Ghazipur. The bulk of the produce is sold by auction at Calcutta for export, and the remainder is issued to the Excise and Medical Departments, under strict regulations, for consumption in India, the profits from its sale being credited under Excise. A different system is adopted in the case of the opium produced in the group of native states known as Malwa. A pass duty is levied on each chest of opium exported; and the right to export to China under certificate is sold by auction, the auction fees being additional to the fixed pass duty. The proceeds of pass and auction fees are shared with the Native States. The opium expenditure consists chiefly of payments to the cultivators in Bengal.

The increase in the net opium revenue over the budget figures for 1911–12, £2,069,100, is due to the abnormal prices obtained at the opium sales. The average for the 10,120 chests of Bengal opium specially certificated for China was Rs. 3,456, as against an estimate of Rs. 2,500; and the 16,740 uncertificated chests sold for Rs. 2,383 on the average, as against an estimate of Rs. 1,500.

The Budget of 1912–13 provides for the sale of 17,406 chests of Bengal opium, and for the export of 15,615 chests of Malwa opium.

The distribution of these totals between certificated and uncertificated opium will be seen in the table below :—

	Bengal.		Bombay.		Chests of Bengal Opium produced.	Payments to Cultivators, including purchase of Opium.
	Chests sold.	Average price.	Chests of Malwa Opium passed for Export.	Rate of Duty per Chest.		
		Rs.		Rs.		£
1910–11	37,590	2,891	218	600	29,000	1,122,680
1911–12 (Revised Estimate) Certificated ...	10,120	3,456	16,508	600, 800, & 1,200*	15,000	624,670
1911–12 (Revised Estimate) Uncertificated...	16,740	2,383				
1912–13 (Budget) Certificated ...	5,206	2,450	14,615	1,200*	—	593,400
1912–13 (Budget) Uncertificated...	12,200	1,500	1,000	1,200		

* In addition to auction fees.

Salt.

	Net Revenue. £	Consumption (including Burma).
1910–11	2,916,767	45,510,000 maunds of 82⅔ lbs.
1911–12 (Budget)... ...	3,026,600	46,600,000 „ „
1911–12 (Revised Estimate)	3,154,100	47,900,000 „ „
1912–13 (Budget) ...	3,166,200	47,800,000 „ „

Excise.

	£
Accounts, 1910–11	6,957,379
Budget, 1911–12	7,154,900
Revised Estimate, 1911–12	7,571,200
Budget, 1912–13	7,829,800

The large increase of £613,800 in the excise revenue of 1911–12, as compared with 1910–11, is attributed in the main to the general improvement in economic conditions throughout India.

Customs.

	£
Accounts, 1910–11	6,497,001
Budget, 1911–12	6,097,900
Revised Estimate, 1911–12	6,406,700
Budget, 1912–13	6,264,900

The gross receipts in detail, without deduction on account of drawbacks, &c., are as follows :—

——	Accounts, 1909–10.	Accounts, 1910–11.	Budget, 1911–12.	Revised Estimate, 1911–12.	Budget, 1912–13.
Import duties :—	£	£	£	£	£
Cotton Manufactures	825,700	945,100	946,700	1,056,700	1,090,000
Liquors	701,000	803,900	832,500	838,700	840,200
Silver Bullion and Coin	356,500	1,082,700	666,700	666,700	533,300
Other Metals and Manufactures of Metals	305,500	353,600	373,300	353,300	353,300
Other Manufactured Articles	617,900	759,200	746,700	826,600	866,700
Petroleum	312,500	404,200	400,000	533,300	466,700
*Tobacco	—	200,400	226,700	170,900	171,000
Other Articles	881,300	912,000	934,800	875,700	918,200
Excise duty on Cotton Goods	267,100	285,400	273,300	336,700	343,300
Export duty on Rice	697,600	872,500	813,300	910,000	815,600
Total	4,965,100	6,619,000	6,214,000	6,568,600	6,398,300

* Before 1910–11 the import duty on tobacco was very low, and its yield is included in the figures given for "Other articles."

The principal factors in the large increase of the Revised Estimate over the Budget for 1911–12 are an improvement in the import and excise duties on cotton, and increases in the petroleum excise and the export duty on rice. The first was due to increased demand for cotton goods following on improved economic conditions; the second is accounted for by increased imports of petroleum due to a fall in price; and the third by the increased exports of rice to make up the shortage of the crop elsewhere.

On the other hand the tobacco duty yielded considerably less than was anticipated.

The lower figure in the Budget for 1912–13 is taken in the expectation of a return to normal conditions in respect of rice, petroleum and silver.

Railways.

	Accounts, 1910–11.	Budget, 1911–12.	Revised Estimate, 1911–12.	Budget, 1912–13.
State Railways :—	£	£	£	£
Gross Receipts	30,629,756	31,433,600	33,153,500	32,566,900
Working Expenses	*16,323,629*	*17,146,700*	*17,493,400*	*17,666,700*
Net Traffic Receipts...	14,306,127	14,286,900	15,660,100	14,900,200
Surplus Profits paid to Companies, &c.	*464,012*	*377,500*	*432,500*	*411,100*
Interest charges—				
Interest on capital spent or advanced by the State.	*6,267,685*	*6,626,600*	*6,662,400*	*6,941,200*
Interest on capital deposited by Companies.	*2,007,339*	*1,820,800*	*1,825,600*	*1,862,700*
Annuities in purchase of Railways.	*3,357,634*	*3,357,800*	*3,357,400*	*3,357,800*
Sinking Funds	*171,264*	*177,700*	*177,700*	*184,300*
Total	*12,267,934*	*12,360,400*	*12,455,600*	*12,757,100*
Net Receipts	2,038,193	1,926,500	3,204,500	2,143,100
Guaranteed Railways :—				
Net charge or profit *to the State* ...	710	—	—	—
Miscellaneous charges (net)... ...	*21,407*	*76,700*	*81,900*	*121,200*
Net Receipts from all Railways ...	2,017,496	1,849,800	3,122,600	2,021,900

Before 1899–1900 the Railway Revenue Account always showed a net charge. The figures from that year onwards are as follows :—

		£
1899–1900	Net receipt	76,756
1900–1	,,	325,124
1901–2	,,	846,616
1902–3	,,	228,949
1903–4	,,	860,669
1904–5	,,	2,105,438
1905–6	,,	2,001,966
1906–7	,,	2,307,673
1907–8	,,	1,563,002
1908–9	*Net charge*	*1,242,250*
1909–10	Net receipt	824,922
1910–11	,,	2,017,496
1911–12 (Revised Estimate)	,,	3,122,600
1912–13 (Budget) ...	,,	2,021,900

These figures are arrived at after charging in the Account not only all interest charges but also payments in redemption of capital which are made partly through sinking funds and partly through the annuities created for the purchase of various railways.

The following are the amounts of such payments in the three years under review :—

	£
In 1910–11	966,937
In 1911–12	1,001,406
In 1912–13	1,034,565

State Railways.—The profit derived by the State from the railways arises from the State lines, under which head are included not only the lines worked by the State (of which the most important are the North-Western, Eastern Bengal, and Oudh and Rohilkhand systems), but also lines which, while classified as State railways, are worked by companies receiving guaranteed interest on their share capital and a share of the surplus profits. Among the most important of the lines included in the latter class are the East Indian, Great Indian Peninsula, Bengal Nagpur, Bombay Baroda and Central India (including Rajputana-Malwa), Madras and Southern Mahratta, South Indian, Great Indian Peninsula (including the Indian Midland), Assam-Bengal, and Burma Railways. The gross receipts for five years are as follows :—

1908–9.	1909–10.	1910–11.	Revised Estimate, 1911–12.	Budget, 1912–13.
£ 26,800,000	£ 28,924,000	£ 30,629,800	£ 33,220,200	£ 32,566,900

The remarkable increase in the net receipts during 1911–12 is attributed partly to increased traffic in connexion with the Coronation-Durbar and partly to the expansion of trade in staple commodities.

As it is recognised that the conditions in 1911–12 were in some respects abnormal, the Budget of 1912–13 allows for a decrease in traffic receipts, and, as the interest charges are greater, the profits to the State are expected to be considerably less than in 1911–12.

Irrigation.

——	Accounts, 1910–11.	Budget, 1911–12.	Revised Estimate, 1911–12.	Budget, 1912–13.
MAJOR WORKS:	£	£	£	£
Receipts	3,466,056	3,578,900	3,733,800	3,676,800
Working Expenses	*1,109,621*	*1,098,800*	*1,138,700*	*1,105,900*
Interest on Debt	*1,115,410*	*1,169,600*	*1,174,300*	*1,241,500*
Net Receipts	1,241,025	1,310,500	1,420,800	1,329,400
Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance.	—	*120,000*	—	*43,300*
MINOR WORKS:				
Receipts	228,465	245,200	243,400	244,300
Expenditure	*885,103*	*955,200*	*862,900*	*924,200*
Net Expenditure	*656,638*	*710,000*	*619,500*	*679,900*
Net Receipts, Major and Minor Works.	584,387	480,500	801,300	606,200

It will be seen that the improvement in the Revised Estimate over the Budget for 1911–12 is partly due to increased receipts from Major Works and partly to decreased expenditure on Minor Works.

It was decided, with effect from 1911–12, to supplement the amount available from the Famine Insurance Grant (page 19) for outlay on Protective Irrigation Works by an annual allotment under the head of "Irrigation" not exceeding 25 lakhs (£166,700). The amount allotted in 1911–12 was £120,000, but it was found impossible to expend any of this owing to scarcity of labour and other causes. The provision made under this head in the Budget for 1912–13 is £43,300.

Mint.

	Accounts, 1910–11.	Budget, 1911–12.	Revised Estimate, 1911–12.	Budget, 1912–13.
	£	£	£	£
Receipts	196,110	198,500	341,000	205,700
Charges	*92,369*	*93,800*	*115,600*	*101,400*
Net Receipt or *Charge*	103,741	104,700	225,400	104,300

No new rupees have been coined from purchased silver in the years under review. The improvement in the Revised Estimate for 1911–12 as compared with the Budget forecast is due to increased fees for the coinage of British dollars. The demand for these is not expected to continue and the figure taken in the Budget for 1912–13 is considerably lower than the Revised Estimate for 1911–12.

The re-coinage of withdrawn and uncurrent rupees during the last three years has been as follows :—

	Rs.	£
1909–10	23,694,187	(1,579,612)
1910–11	15,242,596	(1,016,173)
1911–12	28,094,474	(1,872,965)

NET EXPENDITURE.

Debt Services.

	Accounts, 1910–11.	Budget, 1911–12.	Revised Estimate, 1911–12.	Budget, 1912–13.
	£	£	£	£
Total payments for Interest on Debt	8,989,682	9,329,300	9,316,000	9,575,100
Deduct amount chargeable to Railways (*included under Railways, page* 14).	*6,267,685*	*6,626,600*	*6,662,400*	*6,941,200*
Deduct amount chargeable to Irrigation (*included under Irrigation, page* 15).	*1,115,410*	*1,169,600*	*1,174,300*	*1,241,500*
Interest on Ordinary Debt...	1,606,587	1,533,100	1,479,300	1,392,400
Interest on other Obligations	562,315	592,000	600,500	652,800
Total	2,168,902	2,125,100	2,079,800	2,045,200
Interest Receipts on loans, &c., in England and India	*1,465,439*	*1,177,000*	*1,448,200*	*1,227,300*
Net Interest Payments other than those chargeable to Railways and Irrigation.	703,463	948,100	631,600	817,900

The total debt is classified in the Accounts as (1) Public Works Debt and (2) Ordinary Debt. The amount entered as belonging to the former category is the equivalent of the total capital expenditure which has been incurred by the State on Railways and Irrigation Works, including the amount advanced to Railway Companies for capital expenditure, and the interest on this portion of the debt is charged under Railways and Irrigation (*see* pages 14 and 15 above); the "Ordinary Debt" consists of the difference between the total debt in existence and the amount entered as Public Works Debt. In any year in which, owing to the use, for the construction of Public Works, of surplus revenue or deposits, or portion of the Famine Grant appropriated to the Reduction or avoidance of Debt (*see* page 19), the capital expenditure exceeds the amount of debt incurred in the year, the effect of this system of classification is to cause a decrease to be

shown in the amount of the Ordinary Debt, the interest thereon showing a corresponding reduction in due course. In 1911–12 the capital outlay exceeded the addition to the total Debt, and the Ordinary Debt was reduced; and it is expected that the same will be true of 1912–13. The reduction in interest charges will not, however, come fully into operation until the following year.

The most important of the "other obligations" referred to in the table above are the Savings Banks Balances and the Service Funds and other special funds held by the Government of India. The sums paid in the form of annuities in respect of the purchase of various railways, being directly chargeable to the Railway Revenue Account (*see* page 14) are not shown under the head of "Debt Services," though their payment is of course an obligation similar to that of the interest on debt.

The amount of the debt and other obligations is shown on page 8 above.

The receipts shown in the table above include the interest received in India on loans granted by the Government to Native States, Municipalities, Port Trusts, Railway Companies, &c., and in England on the balances of the Secretary of State in Council. They also include the interest, in India and England, on the invested portion (now £9,333,300) of the Paper Currency Reserve.

Military Services.

——	Accounts, 1910–11.	Budget, 1911–12.	Revised Estimate, 1911–12.	Budget, 1912–13.
	£	£	£	£
Army	18,073,131	18,353,700	18,432,300	17,929,800
Marine	354,080	356,900	376,000	356,000
Military Works	829,844	857,700	813,400	788,500
Special Defence Works	7,987	6,900	7,000	20,200
Total	19,265,042	19,575,200	19,628,700	19,094,500

The details of the Army Charges, which form the most important part of the charges grouped together in the table above, are as follows:—

Net Army Charges in India.

——	Accounts, 1910–11.	Budget, 1911–12.	Revised Estimate, 1911–12.	Budget, 1912–13.
NET CHARGES IN INDIA.				
Effective Services:—	£	£	£	£
Army and Garrison and Administrative Staff.	639,226	648,400	653,800	647,500
Regimental Pay, Allowances and Charges	8,240,528	8,274,600	8,326,100	8,151,400
Supply and Transport	1,902,128	1,841,800	1,810,800	1,865,400
Medical Establishments, Supplies and Services.	380,784	369,000	367,600	371,700
Ordnance Establishments, Stores and Camp Equipage.	478,016	486,200	435,400	532,300
Other Effective Services	1,087,213	1,339,900	1,408,200	865,600
Compensation for dearness of food and forage.	321,504	266,700	308,600	288,700
Total Effective Services	13,049,399	13,226,600	13,310,500	12,722,600
Non-effective Charges	621,823	617,300	611,600	618,400
Total, India	13,671,222	13,843,900	13,922,100	13,341,000

Net Army Charges in England.

	Accounts, 1910–11.	Budget, 1911–12.	Revised Estimate, 1911–12.	Budget, 1912–13.
Effective Services :—				
Charges—	£	£	£	£
Payments to War Office for British Forces in India.	935,055	934,000	914,000	935,000
Furlough Allowances	507,940	520,000	509,000	513,000
Indian Troop Service and Passage of Officers.	243,070	312,900	281,200	236,500
Miscellaneous	143,898	67,200	105,800	114,200
Stores	506,266	618,500	671,500	617,900
Total	2,336,229	2,452,600	2,481,500	2,416,600
Receipts—				
Contribution of Imperial Government towards Sea Transport Charges.	130,000	130,000	130,000	130,000
Contribution of Imperial Government towards Military Charges for Aden.	100,000	100,000	100,000	100,000
Payment by Imperial Government (on capitation basis) for Indian Native Regiments serving in the Colonies.	135,000	126,000	140,000	44,000
Transfer and Sale of Stores, Recoveries, &c.	22,658	69,800	72,700	52,800
Total	387,658	425,800	442,700	326,800
Net Charge for Effective Services	1,948,571	2,026,800	2,038,800	2,089,800
Non-effective Charges (net)	2,453,338	2,483,000	2,471,400	2,499,000
Total, England	4,401,909	4,509,800	4,510,200	4,588,800
Grand Total	18,073,131	18,353,700	18,432,300	17,929,800

The net Army Charges for 1911–12 were higher by £359,169 than in 1910–11, but they include special expenditure in connexion with the Delhi Durbar amounting to about £373,000.

The Budget for 1912-13 includes £133,300 for further outlay in connection with the suppression of the arms traffic in the Persian Gulf. The total net Army charges are expected to be £502,500 less than the Revised Estimate of 1911–12. The main factors in the decrease are the absence of the special Durbar expenditure and the close of the Abor Expedition and the Mishmi Mission.

Special Military Expenditure.—As explained in Parliamentary Paper Cd. 4752 of 1909, the practice of making fixed annual grants for special military expenditure which was in force from 1904–5 to 1908–9 was discontinued from the 1st April, 1909, and the Budget grants for such expenditure are now determined by the urgency of the need, the claims of other branches of the administration and the condition of the revenue. Excluding recurring expenditure on completed measures and the recurring expenditure already attained on measures in progress, the total outlay on special measures in 1909–10, 1910–11, 1911–12, and 1912–13 is estimated to be approximately as follows :—

	£
1909–10	482,700
1910–11	495,600
1911–12 (Revised)	430,700
1912–13 (Budget)	520,100

These figures include outlay under the four military heads of account, "Army," "Marine," "Military Works" and "Special Defences," but the bulk of the expenditure is under Army and Military Works. The provision made in the Budget for 1912–13 includes £150,000 for Artillery rearmament.

Civil Departments.

The following table shows the charges for the several departments :—

——	Accounts, 1910–11.	Budget, 1911–12.	Revised Estimate, 1911–12.	Budget, 1912–13.
	£	£	£	£
General Administration	1,756,260	2,577,200	2,651,900	1,904,000
Law Courts and Jails	3,169,793	3,270,800	3,246,700	3,295,100
Police	4,196,239	4,489,000	4,470,300	4,553,500
Ports and Pilotage	31,359	34,300	32,400	29,400
Education	1,662,607	2,094,400	1,809,800	2,855,200
Ecclesiastical	124,678	127,800	127,000	131,900
Medical	919,225	1,229,200	1,094,700	1,629,500
Political	1,095,470	912,300	969,100	926,300
Scientific and Minor Departments ...	764,613	911,800	857,600	925,800
Total	13,720,244	15,646,800	15,259,500	16,250,700

The high figure under "General Administration" in 1911–12 is mainly due to the special provision for civil expenditure in connexion with the Coronation Durbar. The Budget figure for 1912–13 includes the excess cost of the central governments in the three new provinces, Bengal, Behar and Orissa, and Assam, as compared with the old provinces, Bengal and Eastern Bengal and Assam. It is estimated at £36,800 a year.

If the cost of the Durbar pay bonus be excluded from the revised estimate of Provincial "Police" charges in 1911–12 the excess over the latter of the Budget estimate of Provincial "Police" charges for 1912–13 is £148,700. This is due to the increasing cost of reforms already introduced and to fresh reforms to be introduced during the year.

The large increase of £1,045,400 is anticipated in expenditure on "Education" in 1912–13. This includes the Durbar recurring grant of £333,300 for popular education, a non-recurring grant of £533,300, and an unspent balance of the grants for education made at the end of 1910–11.

The increase of £524,800 in the Budget estimate of "Medical" charges for 1912–13 is accounted for mainly by non-recurring grants for Sanitation and Hygiene, amounting to £413,300 made to the provincial governments at the end of 1911–12.

Famine Relief and Insurance.

——	Accounts, 1910–11.	Budget, 1911–12.	Revised Estimate, 1911–12.	Budget, 1912–13.
	£	£	£	£
Direct Famine Relief	2,336	—	86,100	133,500
Protective Railways	36,895	100,000	60,900	43,300
Protective Irrigation Works	359,674	400,000	386,500	456,700
Reduction or avoidance of Debt	601,095	500,000	466,500	366,500
Total	1,000,000	1,000,000	1,000,000	1,000,000

A sum of not less than £1,000,000 is annually appropriated for the purposes of Famine Relief and Insurance. When the outlay on direct famine relief is less than the sum appropriated, the balance is used (1) for the construction or maintenance of protective railways and irrigation works, and (2) for the construction of productive public works, which would otherwise require additional borrowing. The amount used for the last-mentioned purpose is shown under the head of "Reduction or Avoidance of Debt."

Under the arrangements now in force expenditure on famine relief is borne partly, if not entirely, by Imperial Revenues. The scheme enables each Local Government whose Province is liable to famine to build up gradually a fund, to be held to its credit by the Imperial Government, on which it is at liberty to draw when expenditure on famine relief becomes necessary. For this purpose the Local Governments in question are now annually credited with fixed sums as follows :—Bombay, £91,300 ; Central Provinces, £85,400 ; United Provinces, £30,000 ; Bengal, £17,300 ; Madras, £16,700 ; Punjab, £9,300. When famine occurs, the Local Government is entitled to draw upon the amount standing to its credit to meet its famine expenditure, and charges thus incurred are shown in the accounts of the Government of India as Imperial expenditure. In the event of the amount at credit being exhausted owing to widespread or severe

famine, any further expenditure on famine relief is shared between the Government of India and the Local Government, either equally or in such proportions as may be determined when the circumstances arise.

Civil Works.

	£
Accounts, 1910–11	4,243,629
Budget, 1911–12...	5,166,200
Revised Estimate, 1911–12	5,013,500
Budget, 1912–13	5,334,300

A portion of the grants made to the Provincial Governments for expenditure on Education, Sanitation and kindred objects (*see* above under "Civil Departments," page 19) is devoted to the construction of buildings, and the money so spent is shown under the head of "Civil Works."

Provincial Adjustments.

	Provincial Surpluses (which are added to the Provincial Balances and charged against the Revenue of the Year).	Provincial Deficits (*i.e.*, amounts taken from Provincial Balances towards defraying expenditure incurred in the Year).
	£	£
Accounts, 1910–11	1,961,202	—
Budget, 1911–12	—	1,716,000
Revised Estimate, 1911–12	858,500	—
Budget, 1912–13	—	1,557,700

In the Budget for 1911–12 it was anticipated that the share of the revenue of the year to be credited to the Provincial Governments in accordance with the system of financial decentralisation now in force, would amount (including certain special grants made by the Government of India at the beginning of the year) to £26,207,000, and that the share of the expenditure of the year chargeable to Provincial Governments would be £27,923,000, of which £1,716,000, being the excess of Provincial expenditure over Provincial revenue, would be met from the balances of the Provincial Governments, instead of being charged against the revenues of the year.

Towards the close of the year, however, the Government of India made the following additional grants to the Provincial Governments :—

	£
(1.) One-third of the gross opium revenue realised in excess of £4,100,000 to be applied to non-recurring expenditure on Education, Sanitation, Agriculture, and research in Hygiene ...	566,700
(2.) To provide opening balances for the three new provinces, Bengal, Behar and Orissa, and Assam	781,900
(3.) Contributions towards expenditure in connexion with the Royal visit, and with the boons announced at the Durbar	321,900
(4.) To the Madras Corporation for drainage and waterworks schemes	166,700
(5.) For the improvement of communications in Burma	133,300
(6.) Miscellaneous contributions and adjustments	178,300
Total	£2,148,800

Owing mainly to these grants, the revenue accruing or credited to the Provincial Governments in the year was £28,457,300 as compared with £26,207,000 shown in the Budget. The Provincial share of expenditure was £27,598,800 as compared with £27,923,000 shown in the Budget. Thus the Provincial Governments, instead of providing from their balances £1,716,000 towards the expenditure of the year added £858,500 to their balances, this amount being charged against the revenue of the year.

In 1912–13 the Provincial Governments will spend considerable sums on the objects for which the grants referred to above were made in the preceding year, and their share of the expenditure of the year is expected to amount to £29,090,400. The Provincial share of revenue is estimated at £27,532,700. The deficit, amounting to £1,557,700, will be met from their balances.

APPENDIX II.

HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1910–11.	Revised Estimate, 1911–12.	Budget, 1912–13.
	£	£	£
Interest on Debt (excluding Interest charged in Railway Revenue and Irrigation Accounts).	1,860,165	1,836,700	2,100,100
Railway Revenue Account	8,714,178	8,758,700	8,877,500
Irrigation : Interest on Debt	112,344	116,600	118,500
Bank of England and Bank of Ireland for Management of Debt	74,059	65,300	65,400
Civil Administration :			
Payments on account of Departments in India, passage, outfit, &c.	51,873	51,200	45,800
Royal Visit and Coronation Durbar	—	61,700	—
Postal Subsidy	54,588	54,600	54,600
Indo-European Telegraph Department	28,531	35,700	41,800
Public Works : Civil Engineering College	*— 19,205*	—	—
„ Other Charges	2,893	3,000	2,500
Indian Civil Service : Allowances to Candidates, Examinations, &c. ...	14,021	14,500	14,000
Lunatics : Maintenance	1,589	1,300	1,200
Political Charges : Persian Mission and Minor Consulates	*— 23,840*	*— 15,400*	*— 14,500*
„ Pensions : Territorial and Political	10,858	11,100	11,100
„ Other Charges	4,645	9,600	3,500
India Office : Salaries of Establishment	142,160	142,800	144,400
„ Auditor's Department	6,705	7,000	7,200
„ Store Department	24,919	26,200	25,100
„ India Store Depôt—additions to building	2,561	1,000	—
„ Stationery, Postage, Telegrams, and other Charges	18,871	22,550	25,100
Army, and Marine, Effective : Home charges of British forces serving in India (deducting receipt of £100,000 from War Office on account of Aden)	845,553	828,000	848,000
„ „ Troop Service and Transport (deducting receipt of £130,000 from War Office)	104,237	140,200	94,900
„ „ Receipt on account of Indian Native Regiments lent for service in the Colonies	*— 135,000*	*— 140,000*	*— 44,000*
„ „ His Majesty's ships in Indian Waters	100,110	100,100	100,100
„ „ Other Charges	145,114	81,200	98,000
Stores : Civil and Public Works	324,850	358,500	365,400
„ Telegraph	87,540	141,000	88,300
„ Marine	73,667	60,500	80,000
„ Army	493,589	635,900	594,900
„ Military Works	28,740	39,500	16,600
„ Special Defences (1902)	5,401	1,000	8,600
„ Miscellaneous Charges	11,668	12,850	12,900
Furlough : Civil	394,893	426,500	404,000
„ Army and Marine	505,430	504,000	508,000
„ Telegraph and Public Works	74,675	79,500	74,500
Non-Effective Charges (including India Office Pensions) :			
Civil	1,411,474	1,412,400	1,422,800
Army and Marine	3,051,850	3,070,600	3,102,100
Total	18,605,706	18,955,900	19,298,400

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1910–11.	Revised Estimate, 1911–12.	Budget, 1912–13.
	£	£	£
Capital outlay on construction of State Railways	1,860,764	2,075,400	2,250,000
„ „ on Irrigation Works	61,416	86,000	28,800
Repayment of Capital of Indian Midland Railway Company on termination of its contract...	2,250,000	—	—
Total	4,172,180	2,161,400	2,278,800

APPENDIX III.

RAILWAYS.

MILEAGE AND TRAFFIC (including railways outside the Government accounts).

Length of railways open in India on 31st December, 1909		31,483·74 miles.
Length of railways open in India on 31st December, 1910		32,099·30 „
Additional mileage opened in 1911:—		
I. State Lines worked by the State ...	196·40 miles	
II. Lines leased to or owned by Guaranteed Companies	224·03 „	
III. Lines owned or worked by Companies without a Government guarantee ...	192·30 „	
IV. Lines owned or worked by Native States	123·43 „	
V. District Board's Lines	65·17 „	
Total	801·33 „	
Deduct:—		
Dandot Light Railway dismantled ...	6·18 „	
Minor corrections of mileage	6·09 „	
Net total addition ...		789·06 „
Length of railways open in India on 31st December, 1911		32,888·36 miles.

—	1909.	1910.	1911.
Total number of passengers carried	329,379,600	371,576,000	410,491,700
Total weight of goods carried (in tons)	60,902,000	65,603,000	76,089,000

Capital Outlay and Net Traffic Receipts.

The lines mentioned below are those of which the transactions are recorded in the Government accounts. The Capital at charge in 1910–11, including outlay by companies and local boards, is calculated by adding to the total capital outlay up to 31st March, 1910, half the outlay in 1910–11.

—	—	Capital at Charge, 1910–11.	Net Receipts, 1910–11.	Percentage of Net Receipts on Capital at Charge.
		£	£	
	East Indian	49,329,524	3,552,534	7·20
	Rajputana-Malwa	12,108,157	975,801	8·06
	Bhopal	247,952	16,533	6·67
	Palanpur-Deesa	16,380	2,049	12·51
	Bengal-Nagpur	23,980,586	965,775	4·03
	Burma	11,973,762	483,571	4·03
	Assam-Bengal	9,507,068	56,360	·59
	Jorhat	64,078	967	1·51
	Eastern Bengal	16,678,140	794,484	4·76
	Bombay, Baroda and Central India ...	12,279,418	788,439	6·42
	Nagda-Muttra	2,648,006	62,959	2·38
	Tirhoot	4,981,840	321,031	6·44
	Oudh and Rohilkhand	14,936,326	644,193	4·31
	Agra Delhi Chord	893,964	50,173	5·61
	Lucknow-Bareilly Section	882,715	70,790	8·02
	Hardwar-Dehra	184,554	13,164	7·13
	North-Western	51,172,063	1,958,356	3·83
	South Indian	12,862,042	719,927	5·60
	Bezwada Extension	80,838	10,550	13·05
	Dhone-Kurnool	63,626	2,266	3·56
	Mysore	1,224,000	73,995	6·05
	Baran-Kotah	304,439	3,515	1·15
	Tinnevelly-Quilon (British Section)...	1,082,307	21,981	2·03
	Great Indian Peninsula (includes Indian Midland).	40,627,326	1,871,565	4·67
	Madras and Southern Mahratta ...	24,259,587	817,992	3·37
	Jodhpur - Hyderabad (British Section).	285,243	26,927	9·44
		292,673,941	14,305,897	4·88
Unopened lines, stores, &c.	... ...	3,194,818		
		295,868,759	14,305,897	4·83
Private Companies :— Government payments.	... ...	1,527,459		
	Grand Total	297,396,218		

APPENDIX IV.

MAJOR IRRIGATION WORKS.

Capital Outlay and Net Earnings.

The Capital at charge in 1910–11 is calculated by adding to the total Capital outlay up to 31st March, 1910, half the outlay in 1910–11.

—	Capital at Charge 1910-11.	Net Earnings 1910–11 (being gross receipts less working expenses).	Percentage of net Earnings on Capital at Charge.
	£	£	
Bengal :—			
Orissa Project	1,745,589	4,657	·27
Midnapore	554,062	1,139	·21
Sone	1,721,260	70,304	4·08
United Provinces :—			
Ganges	2,103,749	218,479	10·38
Lower Ganges	2,574,079	131,940	5·12
Agra	728,057	27,015	3·71
Eastern Jumna	314,581	72,018	22·89
Betwa	512,383	3,523	·68
Punjab and N.W. Frontier Province :—			
Western Jumna	1,105,215	86,691	7·84
Upper Bari-Doab	1,345,447	171,972	12·78
Sirhind	1,590,184	78,528	4·93
Lower Chenab	1,871,477	563,420	30·11
Lower Jhelum	1,052,311	131,954	12·54
Lower Swat River	274,370	30,145	10·98
Upper Chenab	1,395,524	—	—
Upper Jhelum	1,076,229	—	—
Lower Bari-Doab	436,744	—	—
Madras :—			
Godavari Delta	816,370	181,685	22·25
Kistna Delta	1,000,717	178,003	17·78
Pennér Anicut	372,647	33,844	9·08
Periyar Project	672,598	28,923	4·30
Rushikulya Project	308,822	6,758	2·19
Bombay:—			
E. Nara Works	437,296	27,855	6·37
Mutha Canal and Matoba Tank	489,328	18,948	3·87
Jamrao	535,939	25,864	4·82
Nira Canal and Shetphal Tank	404,679	15,370	3·80
Burma :—			
Mandalay	346,386	16,200	4·67
Shwebo	366,038	28,926	7·90
Other Works	6,995,503	202,273	2·89
Total	33,147,584	2,356,434	7·11

APPENDIX V.

TRADE TABLES.

SEA-BORNE TRADE :—

I.—General Summary.

II.—Analysis of Imports of Merchandise, shewing the principal articles separately.

III.—Analysis of Exports of Merchandise, shewing the principal articles separately.

IV.—Analysis of Imports of Merchandise on Private Account, shewing separately the principal countries of origin.

V.—Analysis of Exports of Indian Merchandise on Private Account, shewing separately the principal countries of destination.

I.—*Summary of Sea-borne Trade.*

—	Merchandise.	Treasure.			Total Merchandise and Treasure.
		Gold.	Silver.	Total.	
1909–10.	£	£	£	£	£
Imports :—					
Private	78,038,400	16,678,300	8,272,400	24,950,700	102,989,100
Government ...	3,727,200	9,000	55,900	64,900	3,792,100
Total ...	81,765,600	16,687,300	8,328,300	25,015,600	106,781,200
Exports :—					
Private ... Indian produce	122,997,600				
Private ... Re-exports	2,259,100				
	125,256,700	2,232,300	2,029,900	4,262,200	129,518,900
Government ...	55,400	2,000	1,800	3,800	59,200
Total ...	125,312,100	2,234,300	2,031,700	4,266,000	129,578,100
Excess of Imports over Exports :—					
Private	—	14,446,000	6,242,500	20,688,500	—
Government ...	3,671,800	7,000	54,100	61,100	3,732,900
Excess of Exports over Imports :—					
Private	47,218,300	—	—	—	26,529,800
Government ...	—	—	—	—	—
1910–11.					
Imports :—					
Private	86,236,000	18,595,000	7,874,900	26,469,900	112,705,900
Government ...	2,901,200	—	45,800	45,800	2,947,000
Total ...	89,137,200	18,595,000	7,920,700	26,515,700	115,652,900
Exports :—					
Private ... Indian produce	137,207,200				
Private ... Re-exports	2,840,700				
	140,047,900	2,609,200	2,136,100	4,745,300	144,793,200
Government ...	53,100	—	5,900	5,900	59,000
Total ...	140,101,000	2,609,200	2,142,000	4,751,200	144,852,200
Excess of Imports over Exports :—					
Private	—	15,985,800	5,738,800	21,724,600	—
Government ...	2,848,100	—	39,900	39,900	2,888,000
Excess of Exports over Imports :—					
Private	53,811,900	—	—	—	32,087,300
Government ...	—	—	—	—	—

I.—*Summary of Sea-borne Trade*—cont.

—	Merchandise.	Treasure.			Total Merchandise and Treasure.
		Gold.	Silver.	Total.	
1911–12.	£	£	£	£	£
Imports :—					
Private	92,423,900	27,662,400	7,952,300	35,614,700	128,038,600
Government ...	3,653,700	—	32,500	32,500	3,686,200
Total ...	96,077,600	27,662,400	7,984,800	35,647,200	131,724,800
Exports :—					
Private ... Indian produce	147,746,200				
Private ... Re-exports	4,017,500				
	151,763,700	2,484,200	4,423,500	6,907,700	158,671,400
Government ...	96,000	5,000	3,200	8,200	104,200
Total ...	151,859,700	2,489,200	4,426,700	6,915,900	158,775,600
Excess of Imports over Exports :—					
Private	—	25,178,200	3,528,800	28,707,000	—
Government ...	3,557,700	—	29,300	24,300	3,582,000
Excess of Exports over Imports :—					
Private	59,339,800	—	—	—	30,632,800
Government ..	—	5,000	—	—	—

II.—*Sea-borne Trade—Analysis of Imports of Merchandise, shewing the principal articles separately.*

	1909–10.	1910–11.	1911–12.
A. *On Private Account*—	£	£	£
1. Live Animals	231,100	396,100	328,800
2. Articles of Food and Drink :—			
Liquors	1,273,500	1,262,800	1,292,600
Provisions :—			
From United Kingdom...	776,900	846,700	894,800
From elsewhere	1,155,600	1,172,900	1,232,200
Total	1,932,500	2,019,600	2,127,000
Salt	459,200	467,400	578,900
Spices	858,400	1,027,800	1,028,800
Sugar (Refined) :—			
From United Kingdom...	8,300	12,200	15,300
From Mauritius	1,601,500	1,948,100	1,249,200
From Austria-Hungary and Germany ...	608,200	483,300	165,100
From Java	4,874,400	5,491,300	5,918,000
From China	63,800	156,300	74,300
From elsewhere	15,900	10,200	14,000
Unrefined Sugar, Molasses, and Confectionery	509,300	675,800	539,800
Total	7,681,400	8,777,200	7,975,700
Other articles	434,100	361,400	411,600
Total value of articles of Food and Drink ...	12,639,100	13,916,200	13,414,700
3. Metals and Manufactures of Metals :—			
Hardware and Cutlery :—			
From United Kingdom	1,209,600	1,338,400	1,415,200
From Germany	242,800	320,200	463,700
From elsewhere	391,900	572,700	500,200
Total...	1,844,300	2,231,300	2,379,100
Machinery and Millwork :—			
From United Kingdom	3,158,500	2,750,100	2,465,600
From elsewhere	215,300	403,500	372,500
Total...	3,373,800	3,153,600	2,838,100

II.—*Sea-borne Trade—Analysis of Imports of Merchandise, shewing the principal articles separately—cont.*

	1909-10.	1910-11.	1911-12.
A. *On Private Account—cont.*	£	£	£
3. Metals and Manufactures of Metals—*cont.*			
Iron and Steel	5,894,000	6,294,900	6,716,300
Copper	1,762,300	2,473,100	1,853,100
Other Metals	854,700	889,900	967,900
Railway Plant (other than Government Stores)	3,627,100	2,830,200	2,958,200
Total value of Metals and Manufactures of Metals.	17,356,200	17,873,000	17,712,700
4. Chemicals, Drugs, Medicines, Narcotics, Dyeing and Tanning Materials.	2,509,600	2,466,300	2,624,500
5. Oils	2,232,300	2,404,000	2,960,500
6. Raw materials and unmanufactured articles :—			
Jewellery	537,300	523,200	596,800
Wood	440,000	527,100	461,400
Silk	651,300	568,200	706,500
Coal	471,700	375,100	333,400
Other articles	1,097,500	1,086,500	2,441,700
Total	3,197,800	3,080,100	4,539,800
7. Articles manufactured and partly manufactured :—			
Cotton—Twist and Yarn, Piece Goods, and Thread :—			
From United Kingdom	23,717,600	26,818,600	29,661,700
From elsewhere	1,284,100	1,505,000	1,707,300
Other sorts of Cotton	1,245,300	1,569,800	1,680,800
Total	26,247,000	29,893,400	33,049,800
Silk	1,511,300	1,843,100	1,769,100
Wool	1,387,400	2,013,100	2,271,600
Apparel :—			
From the United Kingdom	857,000	1,018,100	1,180,800
From elsewhere	730,600	1,047,000	1,174,700
Total	1,587,600	2,065,100	2,355,500
Glass and Glassware	856,800	1,045,500	1,029,100
Instruments, apparatus, and appliances ...	722,800	824,600	919,600
Other articles	7,559,400	8,415,400	9,448,200
Total value of articles manufactured and partly manufactured.	39,872,300	46,100,300	50,842,900
Total value of Imports of Merchandise on Private Account.	78,038,400	86,236,000	92,423,900
B. *Government Stores*	3,727,200	2,901,200	3,653,700
Grand Total, Imports of Merchandise ...	81,765,600	89,137,200	96,077,600

III.—*Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal articles separately.*

	1909–10.	1910–11.	1911–12.
A. *Indian Merchandise exported on Private Account.*			
	£	£	£
1. Animals, living	129,900	154,700	182,800
2. Articles of Food and Drink :—			
Coffee	730,900	887,800	897,500
Rice and Rice-flour	12,163,300	15,490,100	19,372,500
Wheat and Wheat-flour	8,868,600	9,059,800	9,436,200
Other grains and Pulse	1,353,100	1,166,800	5,508,400
Provisions	591,200	682,200	723,300
Spices	472,300	539,600	619,300
Tea	7,804,900	8,277,600	8,630,900
Other articles	707,700	803,500	1,035,200
Total, Articles of Food and Drink	32,692,000	36,907,400	46,223,300
3. Metals and Manufactures of Metals	738,100	970,300	1,093,900
4. Chemicals, Drugs, Dyeing Materials, &c. :—			
Opium :—			
To China	4,611,700	6,166,900	6,634,700
To other countries	1,597,400	2,342,400	2,091,300
Total	6,209,100	8,509,300	8,726,000
Indigo :—			
To the United Kingdom	33,500	42,800	82,900
To other countries	201,000	180,700	168,300
Total	234,500	223,500	251,200
Other articles	1,063,200	1,283,000	1,142,800
Total, Chemicals, Drugs, &c.	7,506,800	10,015,800	10,120,000
5. Oils	805,800	1,067,200	1,061,200
6. Raw Materials and Unmanufactured Articles :—			
Cotton :—			
To Japan	8,015,300	8,253,400	9,412,500
To Germany	2,836,100	3,543,700	2,158,100
To other countries	10,851,400	12,240,100	7,985,500
Total	20,955,000	24,037,200	19,556,100
Hides and Skins (Unprepared) :—			
To the United States	2,624,100	1,874,100	1,987,500
To Germany	1,371,300	1,467,300	1,549,800
To other countries	2,438,700	2,654,700	2,758,400
Total	6,434,100	5,996,100	6,295,700
Jute :—			
To the United Kingdom	4,286,000	3,886,100	6,536,300
To Germany	2,215,200	2,406,700	3,384,700
To other countries	3,557,700	4,033,800	5,116,700
Total	10,058,900	10,326,600	15,037,700
Linseed :—			
To United Kingdom	1,056,000	1,961,500	2,538,200
To other countries	1,560,900	3,632,000	6,105,100
Total	2,616,900	5,593,500	8,643,300

III.—*Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal articles separately—cont.*

	1909–10.	1910–11.	1911–12.
A. *Indian Merchandise exported on Private Account—cont.*	£	£	£
6. Raw Materials and Unmanufactured Articles—*cont.*			
Other seeds	9,867,300	11,155,500	9,316,900
Fodder, Bran, and Cattle-food	863,200	815,800	1,140,200
Wool, raw	1,905,200	1,890,900	1,724,200
Other articles	3,050,800	3,623,600	3,848,500
Total, Raw Materials and Unmanufactured Articles.	55,751,400	63,439,200	65,562,600
7. Manufactured and partly manufactured articles :—			
Cotton twist and yarn :—			
To China	5,644,300	4,919,600	4,272,100
To other countries	828,400	829,700	788,000
Total...	6,472,700	5,749,300	5,060,100
Other cotton	1,471,000	1,592,000	1,459,100
Total cotton	7,943,700	7,341,300	6,519,200
Jute :—			
Gunny bags and cloth :—			
To the United Kingdom	779,700	775,500	815,000
To the United States	4,114,300	4,048,300	4,109,100
To Argentine Republic	1,148,500	977,600	922,700
To other countries	5,316,400	5,479,800	4,770,900
Other Jute manufactures	38,800	48,500	53,300
Total...	11,397,700	11,329,700	10,671,000
Hides and Skins, dressed or tanned :—			
To the United Kingdom	2,245,100	2,370,700	2,605,800
To other countries	400,600	356,400	384,200
Total...	2,645,700	2,727,100	2,990,000
Lac	1,831,900	1,405,200	1,307,800
Other articles	1,554,600	1,849,300	2,014,400
Total, manufactured and partly manufactured articles.	25,373,600	24,652,600	23,502,400
Total exports of Indian merchandise on Private Account.	122,997,600	137,207,200	147,746,200
B. *Government Stores, exports*	25,500	17,000	38,600
Total exports, Indian merchandise	123,023,100	137,224,200	147,784,800
C. *Re-exports—On Private Account:*—			
Cotton, wool and apparel	1,105,200	1,392,200	1,655,100
Other articles	1,153,900	1,448,500	2,362,400
D. *Re-exports—Government Stores*	29,900	36,100	57,400
Total	2,289,000	2,876,800	4,074,900
Grand Total, Exports of Merchandise	125,312,100	140,101,000	151,859,700

IV.—*Sea-borne Trade—Analysis of Imports of Merchandise on Private Account, shewing separately the principal countries of origin.*

NOTE.—The figures in this table are based on the new system of registration according to country of consignment.

Countries.	1909–10.	1910–11.	1911–12.*
	£	£	£
Europe :—			
United Kingdom	48,890,400	52,728,600	57,621,100
Belgium	1,313,100	1,477,200	1,543,400
Germany	4,307,400	5,596,100	5,974,400
Austria-Hungary	1,713,800	1,928,300	1,762,300
France	1,171,200	1,504,600	1,431,000
Italy	621,300	856,500	845,000
Other countries	1,722,100	1,805,200	1,938,100
Total	59,739,300	65,896,500	71,115,300
Africa and adjacent Islands :—			
Mauritius and dependencies including Seychelles ...	1,670,700	2,016,000	1,276,400
Egypt	134,900	165,900	162,200
British East Africa	229,500	218,100	270,000
Other countries	165,100	99,700	82,800
Total	2,200,200	2,499,700	1,791,400
America :—			
United States	2,451,000	2,325,300	3,527,300
Other countries	26,800	1,100	2,400
Total	2,477,800	2,326,400	3,529,700
Asia :—			
Borneo, Java, and Sumatra	5,627,800	6,384,200	6,777,700
Straits Settlements	1,889,700	2,069,100	1,987,900
China : Hong Kong	599,400	778,400	609,900
„ other ports (excluding Macao)	883,200	835,900	1,034,300
Japan	1,680,800	2,248,000	2,313,100
Ceylon	442,600	471,900	460,300
Arabia	340,700	283,000	316,000
Other countries	1,515,600	1,682,500	1,735,500
Total	12,979,800	14,753,000	15,234,700
Australasia	641,300	760,400	731,300
Grand Total	78,038,400	86,236,000	92,402,400

V.—*Sea-borne Trade—Analysis of Exports of Indian Merchandise on Private Account, shewing separately the principal countries of destination.*

NOTE.—The figures in this table are based on the new system of registration according to the country of final destination.

Countries.	1909–10.	1910–11.	1911–12.*
	£	£	£
Europe :—			
United Kingdom	32,283,100	34,244,900	38,370,700
Germany	12,002,500	13,138,400	14,396,100
France	7,685,900	10,096,000	9,158,800
Belgium	6,760,300	7,361,800	8,882,300
Austria-Hungary	4,317,200	4,923,800	4,844,500
Italy	4,067,200	5,315,600	4,168,400
Holland	1,586,000	1,905,000	1,481,400
Other Countries	2,664,000	3,505,700	2,995,700
Total	71,366,100	80,491,200	84,297,900

* Preliminary figures.

V.—*Sea-borne Trade—Analysis of Exports of Indian Merchandise on Private Account, shewing separately the principal countries of destination—concluded.*

NOTE.—The figures in this table are based on the new system of registration according to the country of final destination.

Countries.	1909-10.	1910-11.	1911-12*.
	£	£	£
Africa and adjacent Islands :—			
Egypt	1,117,000	1,223,200	2,874,800
Mauritius and dependencies including Seychelles ...	719,000	857,400	966,400
Natal	382,200	416,200	428,000
British East Africa	359,200	451,300	508,200
Other Countries	763,400	815,900	1,138,900
Total	3,340,800	3,764,000	5,916,300
America :—			
United States	9,667,000	9,013,600	10,390,900
South America	1,932,800	1,858,200	1,710,700
Canada	470,400	584,100	678,300
West Indies	356,100	374,700	410,800
Other Countries	2,300	1,300	1,000
Total	12,428,600	11,831,900	13,191,700
Asia :—			
Hong Kong	5,368,500	7,284,500	5,421,400
China (exclusive of Hong Kong and Macao) ...	5,780,900	5,430,000	6,725,900
Japan	8,417,200	8,996,600	11,124,100
Straits Settlements	3,980,600	5,074,800	5,752,600
Ceylon	4,199,200	5,176,200	5,520,600
Aden and Dependencies	568,700	579,900	748,100
Turkey	1,290,900	1,290,100	1,364,000
Borneo, Java, and Sumatra	1,140,400	2,556,200	3,022,200
Other Countries	1,845,700	2,176,600	2,391,800
Total	33,592,100	38,564,900	42,070,700
Australasia	2,270,000	2,555,300	2,333,900
Grand Total	122,997,600	137,207,300	147,810,500

* Preliminary figures.

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